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LEGISLATIVE HISTORY

Public Law 89-171
H. R. 7750

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Index and summary of H. R. 77501
Digest of Public Law 89-1712

INDEX AND SUMMARY OF H. R. 7750

Apr.	28, 1965	Senate Foreign Relations Committee reported an original bill, S. 1837. S. Report No. 170. Print of bill and report.
Apr.	29, 1965	Rep. Morgan introduced H. R. 7750 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.
May	4, 1965	House committee voted to report (but did not actually report) H. R. 7750.
May	7, 1965	House committee reported H. R. 7750 without amendment. H. Report No. 321. Print of bill and report.
May	20, 1965	House Rules Committee reported resolution for consideration of H. R. 7750.
May	24, 1965	House began debate on H. R. 7750.
May	25, 1965	House passed H. R. 7750 with amendments.
May	26, 1965	H. R. 7750 received by Senate and placed on the calendar. Print of bill.
June	3, 1965	Sen. Javits submitted a proposed amendment to S. 1837.
June	4, 1965	Senate began debate on S. 1837.
June	7, 1965	Senate continued debate on S. 1837.
June	8, 1965	Senate continued debate on S. 1837.
June	9, 1965	Senate continued debate on S. 1837.
June	10, 1965	Senate continued debate on S. 1837.
June	11, 1965	Senate continued debate on S. 1837.
June	14, 1965	Senate passed H. R. 7750 with amendments.

Senate conferees were appointed.

S. 1837 indefinitely postponed due to passage of H. R. 7750.

Print of H. R. 7750 as passed by Senate.

INDEX AND SUMMARY OF H. R. 7750, continued

June 17, 1965 House conferees were appointed on H. R. 7750.

Aug. 17, 1965 Conferees agreed to file a report.

Aug. 18, 1965 House received conference report on H. R. 7750. H. Rept. 811. Print of report.

Aug. 19, 1965 House agreed to conference report.

Aug. 23, 1965 Senate considered conference report.

Aug. 24, 1965 Senate agreed to conference report.

Sept. 6, 1965 Approved: Public Law 89-171.

President's remarks when signing bill.

Hearings: House Foreign Affairs Committee:
Misc. Parts 1 through 8

Senate Foreign Relations Committee:
Misc.

DIGEST OF PUBLIC LAW 89-171

FOREIGN ASSISTANCE ACT OF 1965.

Authorizes appropriations for fiscal year 1966 of \$210,000,000 for technical cooperation and development grants, \$580,125,000 for Alliance for Progress loans and grants, and \$144,755,000 for international organizations. Deletes the provision in existing law that any act of Congress appropriating funds to carry out U. S. operations abroad is authorized to provide for the utilization of U. S.-owned excess foreign currencies. Directs the President to take all appropriate steps to assure that, to the maximum extent possible, U. S.-owned foreign currencies are utilized in lieu of dollars.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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Issued April 29, 1965

For actions of April 28, 1965

89th-1st; No. 75

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HIGHLIGHTS: House received conference report on second supplemental appropriation bill. House passed water pollution control bill. House committee voted to report Northwest flood disaster relief bill. House Rules Committee cleared omnibus transportation bill. Senate committee reported foreign aid authorization bill. Sen. Tower introduced and discussed bill to transfer Division of Predator and Rodent Control from Interior to USDA. Sen. McGovern introduced and discussed bill to provide assured supply of milk for assistance programs.

HOUSE

1. WATER POLLUTION. By a vote of 396 to 0, passed with amendments S. 4, the proposed Water Quality Act of 1965 (pp. 8362-8400, 8438-9). As passed the bill includes provisions as follows: Provides for the creation of a Federal Water Pollution Control Administration in HEW. Authorizes a 4-year program at an annual level of \$20 million for grants to develop projects which will demonstrate new or improved methods of controlling waste discharges from storm sewers or combined storm and sanitary sewers. Authorizes an increase in the

ceiling limitations on grants for construction of waste treatment works from \$600,000 to \$1.2 million for an individual project and from \$2.4 million to \$4.8 million for a joint project in which two or more communities participate.

2. FLOOD DISASTER RELIEF. The Public Works Committee voted to report (but did not actually report) with amendment H. R. 7303, to provide assistance to Calif., Ore., Wash., Nev., and Idaho for the reconstruction of areas damaged by recent floods and high waters. p. D331
3. FORESTRY; PUBLIC LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 396, to provide that until June 30, 1968, Congress shall be notified of certain proposed public land actions. p. D330
4. FLOOD CONTROL; RIVER BASINS. The Public Works Committee voted to report (but did not actually report) H. R. 6755, to authorize additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control. p. D330
5. TRANSPORTATION. The Rules Committee reported a resolution for consideration of H. R. 5401, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system. p. 8452
6. WATERSHEDS. The "Daily Digest" states that the Public Works Committee "approved four watershed projects and seven flood control resolutions." p. D331
7. HEALTH. The Rules Committee reported resolutions for consideration of H. R. 2984, to amend the Public Health Service Act provisions for construction of health research facilities, and H. R. 2986, to extend and amend certain provisions of the Public Health Service Act relating to community health services. p. 8452
8. APPROPRIATIONS. Permission was granted the Appropriations Committee to file by midnight, Thurs., Apr. 29, a report on the Departments of Labor and HEW and related agencies appropriation bill for 1966. p. 8357
9. FOREIGN AID. Rep. Erlenborn criticized foreign aid expenditures abroad and cited reports of GAO in support of his position. pp. 8408-9
10. FOREIGN TRADE. Rep. Saylor inserted a "set of documents illustrating the policies adopted by other countries to assure their own industries and workers - at the exclusion of foreigners - of obtaining public works contracts." pp. 8426-32

SENATE

11. PESTICIDES. The Commerce Committee reported with amendment S. 1623, to authorize a continued study by the Department of the Interior of the effects of insecticides, herbicides, fungicides, and other pesticides upon fish and wildlife (S. Rept. 169). p. 8456
12. FOREIGN AID. The Foreign Relations Committee reported an original bill, S. 1837, to amend the Foreign Assistance Act of 1961 (S. Rept. 170). p. 8456

89TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 170

FOREIGN ASSISTANCE ACT OF 1965

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ON

S. 1837

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT
OF 1961, AS AMENDED, AND FOR OTHER PURPOSES

TOGETHER WITH
MINORITY VIEWS



APRIL 28, 1965.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1965

COMMITTEE ON FOREIGN RELATIONS

J. W. FULBRIGHT, Arkansas, *Chairman*

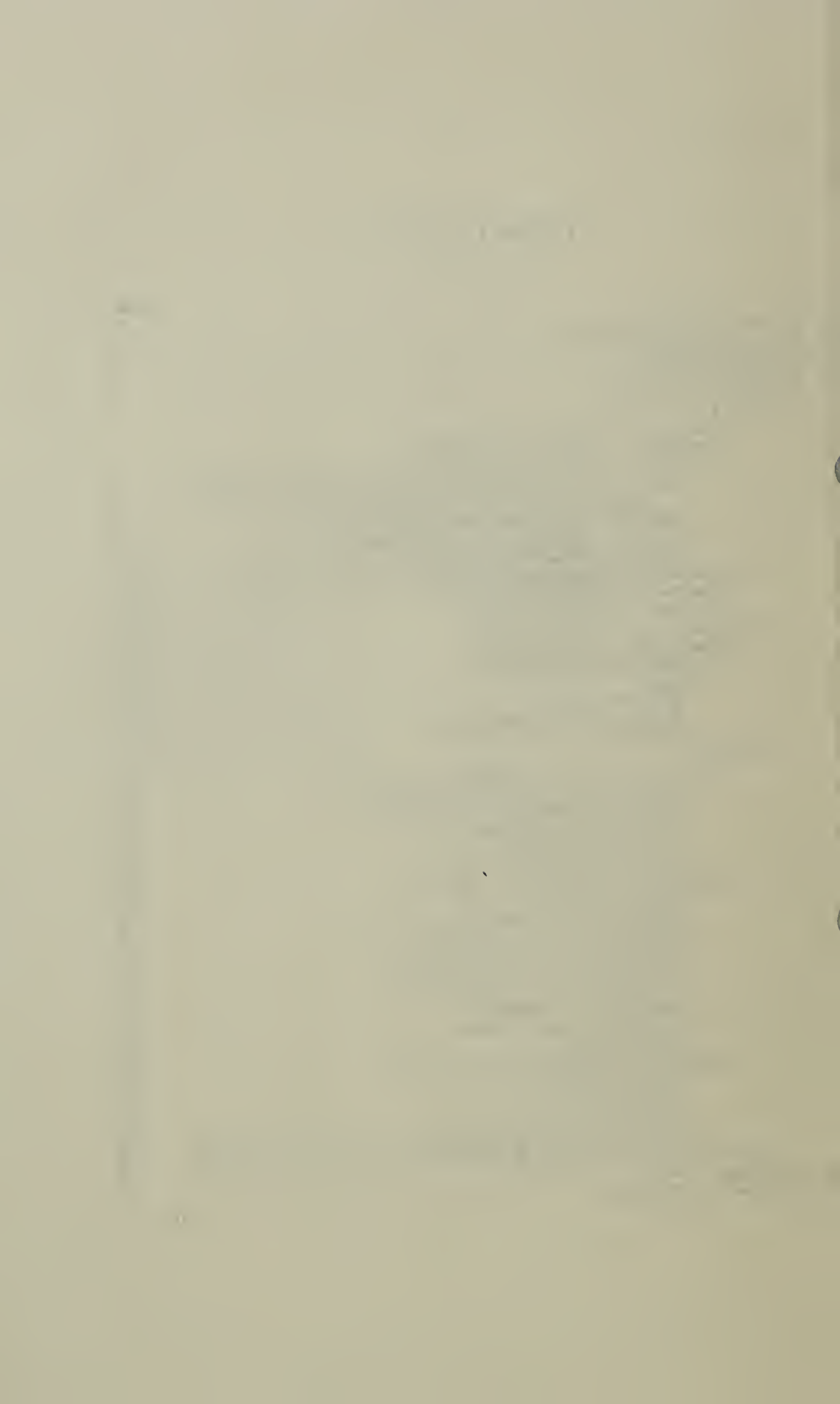
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FOREIGN ASSISTANCE ACT OF 1965

APRIL 28, 1965.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

R E P O R T

[To accompany S. 1837]

The Committee on Foreign Relations, having had under consideration a proposal to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, reports favorably an original bill (S. 1837) and recommends that it be passed by the Senate.

1. PURPOSES OF THE BILL

The main purpose of the bill is to end the foreign aid program as presently constituted on June 30, 1967, and, in the meantime, to provide for a searching inquiry as to the best means of formulating and operating a program of foreign assistance after that date. As an interim measure, the bill provides authorizations for the current program in fiscal years 1966 and 1967. For fiscal 1966 the bill gives new authority for appropriations of not to exceed \$1,988,695,000, a reduction of \$28.2 million in the request of the administration. For the total fiscal 1966 program, the bill approved by the committee will permit an overall appropriation of \$3,352,170,000. For fiscal year 1967, the bill authorizes roughly similar amounts on the assumption that the program requested by the administration will be no greater and may be less than this year's proposal. The bill also makes a number of substantive amendments in the Foreign Assistance Act of 1961, as amended.

2. MAIN PROVISIONS OF THE BILL

The following table compares the authorizations in the committee bill with the executive branch request:

	Administration request		Senate Foreign Relations Committee	
	Authoriza- tion	Appropri- ation	Authoriza- tion, fiscal year 1966	Authoriza- tion, fiscal year 1967
PART I				
Ch. 2. Development assistance:				
Title I: Development Loan Fund (sec. 202(a)).....	(1)	780,250,000	(1)	(2)
Title II: Technical cooperation, develop- ment grants (sec. 212).....	210,000,000	210,000,000	210,000,000	210,000,000
American schools and hospitals abroad (sec. 214(c)).....	7,000,000	7,000,000	7,000,000	7,000,000
Title IV: Surveys of investment opportu- nities (sec. 232).....	(3)	(3)	(3)	2,100,000
Title VI: Alliance for Progress (sec. 252) (Of which, grants).....	(4) (85,000,000)	580,125,000 (85,000,000)	(4) (70,000,000)	600,000,000 (70,000,000)
Total, ch. 2.....	217,000,000	1,577,375,000	217,000,000	819,100,000
Ch. 3. International organizations and pro- grams (sec. 302).....	155,455,000	155,455,000	146,455,000	146,455,000
Ch. 4. Supporting assistance (sec. 402).....	369,200,000	369,200,000	350,000,000	350,000,000
Ch. 5. Contingency fund (sec. 451(a)).....	⁵ 50,000,000	50,000,000	⁶ 50,000,000	⁶ 50,000,000
Total, Part I.....	791,655,000	2,152,030,000	763,455,000	1,365,555,000
PART II				
Ch. 2. Military assistance (sec. 540(a)).....	1,170,000,000	1,170,000,000	1,170,000,000	1,170,000,000
PART III				
Ch. 2. Administrative provisions:				
AID administrative expenses (sec. 637(a)).....	55,240,000	55,240,000	55,240,000	55,240,000
State Department administrative expenses (sec. 637(b)).....	(7)	3,100,000	(7)	(7)
Total, all parts.....	2,016,895,000	3,380,370,000	1,988,695,000	2,590,795,000

¹ Existing law authorizes appropriation of \$1,500,000,000 for fiscal year 1966 plus unappropriated portions of amounts authorized for fiscal years 1962-65.

² Authorizes appropriation of unappropriated portions of amounts authorized for fiscal years 1962-66.

³ \$2,100,000 was authorized and \$1,600,000 appropriated for use beginning in fiscal year 1965. This will finance the program through fiscal year 1966.

⁴ Existing law authorizes appropriation of \$600,000,000.

⁵ Plus authorization of appropriation for use in Vietnam of "such sums as may be necessary" in fiscal year 1966.

⁶ Without additional authorization referred to in footnote 5.

⁷ Permanent authorization in existing law.

In addition to such authorizations of appropriations, the bill contains the following major provisions:

1. In connection with the cutoff of aid in mid-1967, and with the 2-year interim authorization, a Foreign Aid Planning Committee is created to assess the program and to help formulate proposals for foreign assistance after fiscal year 1967.

2. The statement of policy is amended to record the sense of Congress that the United States and other free world nations should place an increasing amount of their aid programs on a multilateral basis. In this connection, up to 20 percent of title I (development lending) funds may be made available to the International Bank for Reconstruction and Development or its affiliates.

3. The ceiling on the total face amount of specific risk investment guaranties that may be outstanding at any one time is increased from \$2.5 billion to \$5 billion.

4. The provisions authorizing extended risk guaranties are changed to remove the \$25 million limitation on the size of loan investment guaranties and the \$10 million ceiling on the size of guaranties of other investments.

5. The ceiling on Latin American housing guaranties is raised from \$250 to \$350 million.

6. Various adjustments are made to improve and to promote military programs for the sale of defense articles.

7. Congress states the policy that all foreign assistance should be withheld by the President from a country which permits, or fails to take reasonable measures to prevent, the destruction by mob action of U.S. property within such country.

8. Several provisions suggested by the General Accounting Office are included to promote more efficient, economical use of foreign currencies and surplus Government property and to insure, so far as possible, that countries receiving economic aid have the capability to utilize it effectively.

3. COMMITTEE ACTION

On January 15, 1965, the President sent to the Congress a message on foreign aid (H. Doc. 53, 89th Cong., 1st sess.), and the administration made available to the appropriate Senate and House committees its proposed program for fiscal year 1966. Owing largely to differences of opinion between and within those committees regarding the proper format and scope of a foreign assistance bill in 1965, the executive branch proposals were not formally presented in a single administration bill. In order to bring the issue before the Committee on Foreign Relations for discussion, Senator Fulbright, on March 4, 1965, introduced S. 1367, which incorporated the economic and administrative, but not the military, elements in the President's message. Also for the purpose of focusing committee discussion, Senator Morse on March 15 introduced S. 1524, which represented the most extensive version of the program proposed by the executive branch.

The committee began public hearings on the foreign assistance program on March 9, with Secretary of State Dean Rusk as the first administration witness. On March 10, 12, and 15 testimony was received from David E. Bell, Administrator of the Agency for International Development. The committee met in executive session on March 18 and agreed to proceed with executive hearings on the program as a whole.

On March 19 Comptroller General Joseph Campbell testified on the program. Further testimony on the administration proposals was given by Mr. Bell on March 22 and 29, and by William S. Gaud, Deputy Administrator of the AID on March 23 and 25. Secretary of Defense Robert S. McNamara and Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff, appeared on behalf of the military assistance program on March 24. Secretary McNamara, accompanied by Acting Secretary of State George Ball and by Mr. Bell, returned on April 7 for another meeting with the committee in executive session.

In addition to testimony from executive branch officials, the committee also heard Senator William Proxmire and witnesses representing the following organizations:

- National Council of the Churches of Christ in the U.S.A.
- Cooperative League of the U.S.A.
- Citizens Committee for UNICEF.
- CUNA International, Inc.
- Congress of Parents and Teachers.
- International Economic Policy Association.
- Liberty Lobby.
- National Council of Jewish Women.
- Citizens Foreign Aid Committee.
- Chamber of Commerce of the United States.

Statements and letters also were received for the record from the following:

- Mr. Charles H. Whitaker.
- National Farmers Union.
- American Association of University Women.
- Women's International League for Peace and Freedom.
- AFL-CIO Executive Council.
- League of Women Voters.
- National Association of Home Builders.
- Board of Christian Social Concerns of the Methodist Church.
- National Rural Electric Cooperative Association.
- Committee for International Housing Through Private Investment.
- American Farm Bureau Federation.

For the most part, this nongovernmental testimony was in favor of continuing the foreign assistance program.

With the conclusion of the public and executive hearings, the committee decided to set aside S. 1367 and S. 1524 and to proceed with a single original bill which would incorporate administration proposals and other suggestions in concise form. On March 30 the committee began marking up the bill. This section-by-section treatment continued on March 31, April 1, 5, 6, 7, 8, 12, 13, and 14. On April 14 the committee voted the bill favorably to the Senate by a vote of 17 to 1.

4. COMMITTEE COMMENTS

The committee this year approached the foreign aid bill with something close to a consensus on three basic points: first, that some kind of foreign assistance program is essential to the national interests of the United States; second, that there is a great deal of profound dissatisfaction with the program conducted under the Foreign Assistance Act of 1961, as amended; and, third, that the Congress has a clear duty to perform in providing policy guidance in the field of foreign relations, including the aid program. At the same time, committee members hold widely differing views about the deficiencies of the current program and advance partial or tentative alternatives which often are mutually contradictory.

It should be stressed in this connection that such views and suggestions usually are aimed at fundamental questions of policy, rather than at administrative and short-term difficulties. For there is general agreement that small adjustments in the administration's proposals could not result in a program which would secure broad

public and congressional support. Moreover, some members feel that the Congress increasingly in recent years has seen its constitutional role in the formulation of U.S. foreign policy relinquished to or usurped by the executive branch of the Government, regardless of which political party held power. This trend has resulted in a situation in which support or rejection of administration policy have seemed the sole alternatives.

Only by questioning the basic premises behind the foreign aid program, as it has taken shape over the years, can there be a productive discussion of policy alternatives outside the misleading and barren context of being compelled to consider a single thesis and its antithesis.

Accompanying and intertwined with this attitude is the feeling among members that the Committee on Foreign Relations increasingly is being forced into the role of a Committee on Foreign Aid. To a considerable extent the necessity for lengthy and exhausting reviews of the aid program each year is preventing the committee from giving its attention to other equally important or even more significant foreign policy questions, and reducing the time which it can devote to legislative oversight of executive agencies. So long as there is so much criticism of the aid program—whether valid or not—the committee is unable to sponsor or approve a long-term authorization for this program, and is unable to break the dreary cycle of full-scale and time-consuming annual reviews.

These views converge and are reflected in the bill reported by the committee. On the one hand, in part IV of the bill, provision is made: for terminating the foreign aid program in its present form at the end of fiscal year 1967; for establishing a Foreign Aid Planning Committee with two-thirds of its members being drawn from the Congress; for establishing guidelines for that committee's profound scrutiny of the question of foreign assistance; and for having this committee make its findings known to the President, who is requested to submit his recommendations on foreign aid to the Congress on or before July 1, 1966. On the other hand, the bill provides a 2-year authorization for the foreign aid program during the interim period in which the whole issue is exhaustively studied.

These two major provisions are almost indissolubly connected with respect to the committee's heavy vote in favor of the bill. Some committee members are very reluctant to provide an authorization for more than 1 year. They approve this course only on the basis of these two points: first, they recognize that it would be highly confusing and unproductive if the administration and the Congress were simultaneously forced to work on two possibly quite different approaches to the question of foreign assistance; and, second, they recognize no inhibitions on the committee or individual members with respect to raising questions or promoting new views in connection with the program for fiscal 1967. It is clearly understood that the committee will continue to watch the foreign aid program closely in carrying out its functions of legislative oversight under the Legislative Reorganization Act.

Under these circumstances, then, the committee is approving for a 2-year period the program requested by the President for fiscal year 1966. In view of the widespread criticism of the existing foreign aid program, this action may be queried by those who are strongly opposed to the program. The main point here is that intolerable confusion would

result if Congress tried in 1966 to review an annual foreign aid program in the traditional format at the same time it was planning a future program. This bill provides that the current program is to end June 30, 1967. The President is to submit his proposals for a new program by July 1, 1966, so that Congress will have ample time to consider them before the cutoff date. Within the guidelines set forth in part IV of the bill, the committee maintains an open mind as to the results of the inquiry provided for.

Meanwhile, despite the criticism which has been directed towards it, there is a great deal that can be said in support and justification for the program authorized in this bill. Indeed, a great deal has been said, and ample material on this score is contained in the hearing record on the bill, as well as in the presentation made to the Congress by the executive branch. Justice cannot be done in this report to all the many persuasive arguments in favor of the bill. The main point here is that the committee reaffirms its belief that a foreign assistance program is essential and that there is no current alternative to considering that program in the light of the basic policies which have prevailed over a number of years and which still prevail. Within this framework the committee has carefully considered the administration proposals at great length and the majority of members are satisfied that this is the best program which can be arrived at under existing conditions.

5. SUBSTANTIVE PROVISIONS

PART I

CHAPTER 1—POLICY

The statement of policy, relating to economic assistance, contained in section 102 of the Foreign Assistance Act of 1961, as amended (hereinafter referred to as the act), is changed by the bill in three instances.

The committee adopted a proposal by the General Accounting Office which makes more positive the existing view of the Congress that assistance under the act "should be complemented" by the use of surplus agricultural commodities and of excess Government property. A related new sentence makes it clear that the Congress wishes excess property to be used whenever possible in order to minimize the procurement of new items for economic aid under the U.S. program.

Secondly, the bill adds a new sentence concerning multilateral assistance to the policy statement of the act, as follows:

Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations.

The statement speaks for itself. It reflects the view that other free world nations, especially those which have reached a high state of economic development, also have interests and responsibilities in assisting nations which are still underdeveloped, and that the efforts of the United States and other free world nations in this respect can be most successful when carried out jointly. Some members felt

also that multilateral programs are less likely than bilateral programs to generate adverse political reactions when aid is accompanied by necessary economic conditions.

The third change in the policy statement consists of a new paragraph at the end of section 102 of the act expressing the sense of the Congress regarding damage or destruction of U.S. property abroad. Assistance under this or any other act should be ended following officially incited or unrestrained mob action against such property, and should not be resumed unless the foreign government concerned has taken "appropriate measures" to prevent a recurrence.

The committee considered an absolute prohibition on aid under these circumstances and particularly on aid to Indonesia and the United Arab Republic. The committee is emphatic in its view that under present conditions no aid should go to these countries. However, the committee recognizes that situations can change fast and it strongly feels that flexibility should be retained. In connection with Indonesia, the committee calls attention to section 620(j) of the act which already prohibits assistance to that country unless the President determines that it "is essential to the national interest of the United States." No assistance is programed for Indonesia in fiscal year 1966.

The committee is certainly not prepared to see the United States regarded abroad as a musclebound giant unable to act in defense of its citizens, property and national interests. Furthermore, the committee believes that a number of the less developed countries need to be informed that they have no inherent "right" to assistance from the United States, and that such aid depends in part on the maintenance of a climate of mutual cooperation and civilized behavior; mob action directed against the United States and condoned by a foreign government obviously disrupts, if it does not completely dispell, such an atmosphere.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

Existing law (sec. 202(a) of the act) authorizes appropriations for development loans of \$1.2 billion for fiscal year 1962, \$1.5 billion for fiscal 1963, \$925 million for fiscal 1964, and \$1.5 billion for each of fiscal years 1965 and 1966. It also provides that any unappropriated portion of the authorization for any of these fiscal years may be appropriated in any subsequent fiscal year during the above period, in addition to the amount otherwise authorized for that fiscal year. By deleting the words, "during the above period," the bill (sec. 102(a)(1)) carries forward the unappropriated authorizations beyond fiscal 1966. These totaled \$1,576,472,400 at the end of fiscal 1965, and it is likely that at least \$700 million of the 1966 authorization will not be appropriated. There thus will be available more than ample development lending funds through fiscal 1967 without new authorizations.

Section 102(a)(2) of the bill carries forward to June 30, 1967, the requirement of existing law that at least 50 percent of development loan funds "shall be available for loans made to encourage economic development through private enterprise."

The committee amended section 205 of the act, which authorizes the President to use up to 10 percent of title I funds for loans to the

International Development Association when he determines such action would more effectively serve the purpose of this title. For a variety of reasons, including limitations in the appropriation act, this authority has not been used in the past.

In order to reaffirm its belief in the validity of increasing emphasis on the multilateral approach in providing assistance to the underdeveloped countries, the committee broadened section 205 so that the President may make available up to 20 percent of title I funds not only to the International Development Association, but to its parent body, the International Bank for Reconstruction and Development, and to the Bank's other affiliate, the International Finance Corporation. This may be done on either a grant or a loan basis but only after consideration by the President of the extent of additional participation by other countries. The language is not a limitation on existing AID authority to operate through multilateral organizations; for example, through the IBRD under the consortium for developing the Indus Basin. Moreover, it is provided that funds made available to these organizations can be used by them under their own criteria and regulations, rather than under those governing bilateral U.S. assistance. The flexibility maintained in the terms of authority is largely directed toward giving the President latitude for encouraging other industrialized countries to make comparable additional resources available for the multilateral free world effort to assist the less developed countries. The committee regards this effort as one of the utmost importance. It is hoped that this new authority may also be used to encourage the organization of more consortia which can take advantage of the considerable managerial talents of the IBRD.

Also in the context of this title the committee carefully considered and rejected a proposal that the President should be authorized to make development loans to the Republic of Ireland. It was agreed that Ireland could not be viewed as an underdeveloped country by any definition currently in use, and certainly not under the terms of title I of the act. Other sources of loans for economic purposes, such as the Export-Import Bank, would be more appropriate. Obviously, nothing in this action could be construed as indicating any lack of concern for the well-being of the Irish people or for the maintenance of the fine historic relationship between the United States and Ireland.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

In section 103(a) the bill authorizes an appropriation for fiscal 1966 of \$210 million for technical cooperation and development grants (amending sec. 212 of the act); an equal amount is authorized for fiscal year 1967. The full amount of the administration request for fiscal 1966 is provided. It compares with an authorization of \$215 million and an appropriation of \$204.6 million for fiscal 1965.

This essentially is the old point 4 program with emphasis on technical assistance in such fields as education, agriculture, health and sanitation, and public administration.

Together with \$21 million in estimated carryover and recoveries from prior year programs, the recommended authorization will support a program of \$231 million in fiscal 1966. It is proposed that this will be divided \$46 million in the Near East and South Asia, \$34 million

in the Far East, \$92 million in Africa, and \$59 million for research, program support, and interregional activities. Technical assistance activities in Latin America are provided for separately under the Alliance for Progress.

The administration in fiscal 1966 intends to use the authorization provided in this section for programs in 48 countries, of which the biggest will be one of \$20 million in Nigeria. Most of the other country programs are in the range of \$1 million to \$5 million, with 15 being of less than \$1 million each.

Within this authorization there will also be provided funds for payment of ocean freight on relief shipments by voluntary agencies under section 216 of the act (estimated at \$5.6 million).

The committee strongly believes that the programs conducted under this title are among the most praiseworthy and hopeful elements in the Foreign Assistance Act. Underlying this attitude is the belief that the less developed countries in large measure will advance economically only to the extent that they learn to exploit and fruitfully to manage their own resources. The most basic requirement in this process is the development of human skills and attitudes.

For this reason, the committee stresses the value of section 211(b) of the act, which gives highest priority to the development of education and human resources in the least developed countries.

American schools and hospitals abroad.—The bill, in section 103(b), authorizes the appropriation of \$7 million for aid to American schools and hospitals abroad in fiscal 1966 and repeals, effective July 1, 1966, the authority for assistance to such hospitals contained in subsection 214(b) of the act. The same authorization of funds would apply in fiscal year 1967.

The authorization for fiscal 1965 was \$18 million, of which \$16.8 million was appropriated. The decrease in fiscal 1966 is accounted for primarily by completion of a medical school and hospital at the American University of Beirut. The major portion of the 1966 funds will be used to assist the American University of Beirut, Robert College in Istanbul, the American University in Cairo, and Project Hope. It is proposed that \$1.1 million of the \$7 million authorization will be spent in foreign currency.

Section 214(b) of the act, which would be repealed effective July 1, 1966, authorizes assistance to American sponsored hospitals abroad, notwithstanding the Battle Act. This authority was first enacted in 1959 in order to make possible assistance to an American-sponsored children's hospital in Krakow, Poland. That hospital has now been completed. Small amounts of aid are still going, or are still in prospect, for the Seagrave Hospital in Burma and the Admiral Bristol Hospital in Istanbul. Present programs, however, will be completed during basis of their private American sponsorship. Rather, such aid as may be extended to hospitals abroad should be as part of a coherent program for the development of health services and should be related to the total economic development plans of a country. Ample authority for this type of aid exists under section 211 of the act, which provides general authority for technical cooperation and development grants. It should also be pointed out that section 214(a) of the act would provide authority for aid to American-sponsored hospitals abroad which serve as teaching or educational centers.

Although compared with last year the financial figure in the authorization has been reduced, the committee does not wish this to

be regarded as a reduction in its support for the concept of justified aid to American-sponsored schools abroad. An eligible institution which can meet the established criteria and which has developed a detailed and persuasive project should not be deterred by this action from approaching the AID administration to seek sympathetic consideration of its plans.

TITLE III—INVESTMENT GUARANTIES

The bill (sec. 104) makes several changes in the investment guaranty programs, as follows:

1. The definition of U.S. investors eligible to receive guaranties is broadened to include foreign corporations, partnerships, or other associations owned by more than one U.S. citizen, corporation, partnership, or other association (secs. 104(a)(1) and (d) of the bill, amending secs. 221(b) and 223 of the act). The law now provides that guaranties can be issued to any foreign subsidiary owned by a single U.S. corporation. The change would make it possible to issue guaranties to foreign entities owned by two or more U.S. entities. In both cases, the U.S. ownership must be total except for amounts of less than 5 percent of the total issued and subscribed share capital required by the law of the foreign country to be held by persons other than U.S. owners.

2. The ceiling on the total face amount of specific risk guaranties that may be outstanding at any one time is increased from \$2.5 billion to \$5.0 billion (sec. 104(a)(2) of the bill amending sec. 221(b)(1) of the act). These specific risk guaranties provide coverage against loss from currency inconvertibility, expropriation, or war, revolution, or insurrection. An investor may buy one or all of the coverages. The fee is one-half percent on each type. Fees collected so far amount to almost \$22 million. Only one claim has been paid, and it resulted in no loss because of recoupment by the United States on the assets to which it became subrogated when the claim was paid. Three other claims are pending for a total of less than \$1 million.

Since the specific risk guaranty program was instituted in 1948, more than \$2.2 billion worth of such guaranties have been issued, and nearly \$1.7 billion were outstanding as of December 31, 1964. Originally instituted to encourage private investment in Europe during the Marshall plan, investment guaranties have been available since 1958 only for investments in underdeveloped countries. Interest among investors in the specific risk guaranties has been growing, as has the list of underdeveloped countries with which the United States has negotiated agreements to carry out the program. As a result, specific risk guaranties issued in calendar year 1964 amounted to \$708 million, of which \$510 million was issued in the last 6 months. There is every reason to believe that this growth will continue, making it necessary to increase the ceiling on the face amount of guaranties that can be outstanding at any one time.

3. The bill repeals the limitation on extended risk guaranties of \$25 million in the case of a loan and of \$10 million in the case of other investments (sec. 104(a)(3)(A) amending sec. 221(b)(2) of the act). The extended risk guaranty program is of two types: (1) Loans for housing projects "with appropriate participation by the private investor in the loan risk." This has been interpreted by AID to mean as much as 100 percent of the loan, with the private investor risking

the interest payments. (2) Investments for other than housing, with a limit on the guaranty of 75 percent of the investment.

So far, investors have shown little interest in the extended risk guaranties, and only \$8.3 million worth have been issued. AID believes that one reason is that large institutional investors are not interested in projects of less than the present limits of \$25 million for loans or \$10 million for other investments. Therefore, the bill repeals these limits.

4. The bill extends the authority to issue extended risk guaranties from June 30, 1966, to June 30, 1968 (sec. 104(a)(3)(B) amending sec. 221(b)(2) of the act). This will remove uncertainty about possible earlier termination of the guaranty program.

5. The bill (sec. 104(b)) makes a clarifying amendment to sec. 221(c) of the act which now provides that "no guaranty shall exceed the dollar value * * * of the investment * * * plus actual earnings or profits * * *." As amended, the law would refer to "earnings or profits actually received." The committee particularly has in mind that unpaid interest on loans is not to be included in guaranties. In no case does AID guarantee that a profit will be earned.

6. The present law authorizes the use of fees collected under the guaranty program for the payment of management and custodial costs incurred with respect to the assets which are acquired by the Government when guaranties are paid. The bill would also make fees available for payment of the costs of investigating and adjusting claims, including the costs of arbitration (sec. 104(c) amending sec. 222(b) of the act.) Under the terms of the investment guaranty legislation, whenever a guaranty is paid, the United States is subrogated to the claim involved. This new provision would allow fee income to be used, prior to the payment of a claim, in order to investigate and adjust the claim, or to arbitrate it.

7. The existing program for guaranteeing housing investments in Latin America is clarified and expanded (sec. 104(e) of the bill amending sec. 224 of the act). The present program applies to pilot or demonstration private housing projects similar to those insured by the Federal Housing Administration in the United States. This is continued. In addition, the bill spells out four additional activities. These are guaranties of loans made to Latin American credit institutions engaged in home mortgage financing, loans to low income housing projects, loans to housing projects which will promote the development of institutions important to the success of the Alliance for Progress, and loans to middle-income housing projects in which at least 25 percent of the mortgage financing comes from Latin American sources and which have a unit cost of not more than \$6,500. Except for loans to credit institutions, these are all implicit in the present legislation.

The limit on the total face amount of Latin American housing guaranties which can be outstanding at any one time is increased from \$250 million to \$350 million, and the period during which guaranties can be issued is extended to June 30, 1968. Guaranties totaling \$90.5 million had been issued against the present authority as of March 1; in addition, guaranties totaling \$75 million had been committed, and projects for \$84 million more were under review.

The committee is particularly concerned that low-cost housing be stimulated in Latin America.

With respect to the investment guaranty program in general, the committee is also concerned that small business receive the same treatment as big business in the administration of the program.

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

In section 105 of the bill (amending sec. 232 of the act) there is an authorization of \$2.1 million for surveys of investment opportunities beginning in fiscal year 1967. This sum is the same amount that was authorized for use beginning in fiscal 1965. The administration did not request any new money for fiscal year 1966, but new funds will probably be needed to keep the program going thereafter.

The committee has a continuing interest in such programs, which are designed to encourage private investment in the developing countries. Fifty percent of the cost of an investment survey may be borne by AID if the prospective investor decides not to undertake a project upon completion of the survey, in which case AID takes title to the survey. If the investor does go ahead with the project, he pays the whole cost of the survey. More than half of the 110 agreements entered into by the end of 1964 are still in process, but 10 have resulted in decisions to proceed with projects representing a potential investment of between \$15 million and \$20 million. These surveys should be particularly attractive to the smaller American firms interested in the less developed countries.

TITLE VI—ALLIANCE FOR PROGRESS

The bill (sec. 106(a)) carries forward through fiscal year 1967 the authorization of \$600 million a year for the Alliance for Progress. Included in this authorization figure is a sum which is available for use on a basis other than dollar repayable loans; this money in fact represents the technical cooperation element in the Alliance program. The administration request for the technical assistance component for fiscal 1966 amounted to \$85 million. The committee reduced this figure to \$70 million a year for fiscal years 1966 and 1967. This action, of course, does not affect the total authorization for the Alliance in those years.

The reduction of \$15 million a year should not be interpreted as an indication of any lack of committee support for the Alliance or of doubt in the validity of the technical assistance program. On the contrary, the trend of recent developments in Latin American countries, and the cumulative testimony given to the committee this year concerning the Alliance, have been moderately encouraging. Moreover, as noted elsewhere in this report, the committee strongly urges the merits of technical assistance work, especially in the field of education, in its broadest meaning. What the committee wishes to convey is its belief that the mutual interests of Alliance countries and the United States will be better served if there is constant movement away from grants, and toward repayable loans.

Section 106(b) of the bill extends through June 30, 1967, the requirement of existing law that not less than 50 percent of Alliance loan funds "shall be available for loans made to encourage economic development through private enterprise."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

In section 107(b) the bill amends section 302 of the act to provide an authorization of \$146,455,000 for fiscal year 1966 and the same figure for fiscal 1967 for contributions to international organizations and programs. This sum represents about \$12.2 million more than the fiscal 1965 authorization, but \$9 million less than the original administration request for fiscal 1966. In both instances the explanation mainly lies in the level of U.S. contributions to the Indus Basin Development Fund, a multinational consortium administered by the World Bank. The Bank had planned to call upon the United States for payments of \$53 million during fiscal 1966, an increase of \$16 million over fiscal 1965, reflecting a growing volume of works under construction. However, shortly before it took final action on the bill, the committee was informed that it appeared that the Bank's 1966 calls would be \$9 million less than anticipated, and this adjustment is reflected in the bill.

The following table summarizes the contributions scheduled to be made to 11 international organizations and programs in fiscal 1966, compared with the 2 previous years. It should be noted that the final amounts of many of the contributions are contingent upon the sums made available by other United Nations members.

[In thousands of dollars]

	Fiscal year 1964 actual	Fiscal year 1965 estimated	Fiscal year 1966 proposed
U.N. Expanded Program of Technical Assistance and Special Fund.....	1 60,772	60,000	65,000
U.N. Technical and Operational Assistance to the Congo.....	5,000	5,000	5,000
U.N. Relief and Works Agency for Palestine Refugees.....	17,200	16,000	16,000
U.N. Children's Fund.....	12,000	12,000	12,000
U.N. Food and Agriculture Organization—World Food Program.....	2,000	2,300	2,000
International Atomic Energy Agency—Operational program.....	1,228	1,100	1,000
Indus Basin Development Fund.....	12,312	37,000	53,000
International Secretariat for Volunteer Service.....		22	120
World Health Organization—Medical research.....	500		100
U.N. Peacekeeping:			
U.N. operation in the Congo (military).....	2,473		
U.N. Emergency Force (Near East).....	1,243	850	835
U.N. Force in Cyprus.....	2 1,576	3 121	
U.N. Training and Research Institute.....			400
Total.....	116,304	134,393	4 155,455

¹ Includes \$59,000,000 for calendar year 1964 programs and \$1,772,000 to complete funding of the U.S. pledge for calendar year 1963 programs.

² In addition, \$2,724,000 funded from the contingency fund.

³ Remainder of pledge of up to \$2,300,000 to be funded from the contingency fund and/or voluntary contribution funds.

⁴ Less \$9,000,000.

Details of all these programs are given in the unclassified summary presentation to the Congress for fiscal 1966, as well as in the hearing record, and do not need to be repeated here. But one element must be singled out in the light of committee action on the bill: Section 302 of the act is amended to delete the prohibition which had the effect of precluding a U.S. contribution to the International Secretariat for Volunteer Services for anything but its information clearinghouse functions. The executive branch believes, and the committee concurs in the belief, that the technical assistance functions of the Secretariat should not be excluded from the purview of U.S. contributions to international programs. However, the bill (sec. 107(a))

specifically limits the U.S. share in the Secretariat's budget to 28 percent, the proportion of the administration's proposed contribution.

CHAPTER 4—SUPPORTING ASSISTANCE

The bill (sec. 108) authorizes the appropriation of \$350 million for supporting assistance in each of the fiscal years 1966 and 1967, these funds remaining available until expended. The amount authorized for fiscal 1966 compares with an administration request for \$369.2 million in this category, which covers a variety of purposes ranging from commodity imports for Vietnam to budget support for Bolivia.

Approximately 88 percent of the aid under this chapter is concentrated in four countries: South Vietnam, Laos, Korea, and Jordan. About half the amount will go to Vietnam alone. Nine countries—notably Thailand and the Congo (Léopoldville)—will receive the remaining 12 percent of supporting assistance funds.

The committee is pleased to note that supporting assistance programs have been ended in 18 countries since 1960, and that two more will expire at the end of fiscal year 1965. On the other hand, when one recalls the Mansfield amendment of 1959, which sought a rapid phasing out of such assistance, the record is less impressive.

CHAPTER 5—CONTINGENCY FUND

Section 109 of the bill authorizes an appropriation of \$50 million in each of the fiscal years 1966 and 1967 for a contingency fund to be used by the President to meet unexpected emergency situations, with Congress to be kept informed of such uses on a quarterly basis. This sum is the amount requested by the administration for fiscal year 1966. It compares with a fiscal 1965 authorization of \$150 million and appropriation of \$99 million (plus a \$3 million carryover). The reduction in the size of the request for fiscal 1966 stems from the administration's belief that it will not seek any transfer of contingency funds to the military aid program, as has been done in the past (language in the act makes the contingency fund money available for Part I, or economic assistance).

The committee denied an administration request under this chapter for an open-ended authorization of appropriations in any amounts needed for use in Vietnam. Some members felt that the Committee on Foreign Relations had been inadequately consulted regarding developments in Vietnam, and that the furnishing of a "blank check" to any Chief Executive would virtually deny the committee an effective role in the future.

PART II

CHAPTER 2—MILITARY ASSISTANCE

The bill (sec. 201) amends section 503(b) of the act, relating to general authority, by deleting the words "in foreign countries" from the subsection dealing with financial contributions to multilateral programs for construction or acquisition of defense facilities. This amendment will permit funds contributed by the United States for collective defense facilities—e.g., under the NATO infrastructure program—to be used for international facilities located in the United States as well as overseas.

Section 201 more importantly provides an authorization for an appropriation for military assistance of \$1,170 million in each of the fiscal years 1966 and 1967. This administration request for 1966 compares with the amount of \$1,055 million authorized and appropriated in fiscal 1965. The fiscal 1966 request is described as consisting of \$1 billion to meet "minimum essential needs" and an added \$170 million for "extraordinary costs" in Vietnam and Laos. Approximately 72 percent of total military aid funds—or something over \$840 million—are programed for 11 countries which are on or close to the borders of Communist China and the Soviet Union: Greece, Turkey, Iran, Pakistan, India, Thailand, Laos, South Vietnam, Philippines, Taiwan, and Korea.

Following urgent representations by the executive branch the committee, by a narrow majority, decided to authorize the full amount of the administration request for fiscal year 1966. It was agreed that, if the policy assumptions and guidelines of the executive branch were accepted, the case for military assistance at the \$1.17 billion level was a strong one. A number of committee members believed that an equally good case could be made for questioning the basic tenets underlying a number of the U.S. military aid programs.

CIVIC ACTION ACTIVITIES

Paragraph (c) of section 201 of the bill amends section 505 of the act to specify that military assistance may be furnished for the purpose of assisting foreign military forces (or the voluntary efforts of personnel of the Armed Forces of the United States) to construct public works and to engage in other activities helpful to the economic and social development of friendly countries. Under current law, although section 505(b) states that such activities should be encouraged, section 505(a) provides that military assistance may be furnished only for the specified purposes of internal security, legitimate self-defense, participation in collective defense arrangements, or to permit the recipient country to participate in United Nations peacekeeping functions.

The amendment also expresses the sense of Congress that, insofar as practicable, foreign military forces should not be maintained solely for civic action activities and that such activities should not detract "significantly" from the capability of military forces to perform their military missions and should be coordinated with and form part of the total economic and social development of the country concerned.

In the committee's view, economic development is of great importance to the defense and internal stability of less developed friendly countries and civic action programs such as the type envisaged by this amendment (building roads, irrigation facilities, and other public works and community development projects) should be encouraged as a part of our overall effort. These programs not only speed the economic development of the recipient country, but they improve relations between civilian populations and their military forces and provide on-the-job training for members of military engineering units.

Paragraphs (c)(2) and (c)(3) of section 201 make certain conforming changes in section 505 which are necessitated by approval of the above amendment. They also specify civic action as one of the purposes for which military assistance may be furnished to Latin America.

SALES

The bill (sec. 201(d)) amends section 507 of the act, which relates to sales, in two respects.

First, subsection (a) is amended to provide that nonexcess defense articles from the stocks of the Department of Defense may be sold at the standard price in effect at the time the articles are offered for sale to the purchasing country or international organization. The existing law presently provides that the sales price of such articles shall be the standard price in effect at the time the articles are dropped from the inventory of the supplying agency, that is, at the time delivery is made. In view of the fact that a period of time may elapse between the negotiation of a sales agreement and the delivery of defense articles, neither the United States nor the purchaser is in a position to know with certainty at the time the sales agreement is signed how much the purchaser will have to pay. The new language will make it possible to ascertain and set the price at the time the articles are offered for sale. It should be pointed out that section 507(a) requires that the payment for defense articles from stocks of the Department of Defense is to be made in U.S. dollars.

Secondly, section 507(b) of the act, which relates to procurement for sales pursuant to dependable undertakings, is amended to authorize the President, when entering into sales agreements with foreign countries and international organizations, to fix prices to be paid. The amendment specifies that the funds available under the act for financing military sales shall be used to reimburse the applicable Defense Department appropriation in the amount by which the price paid by the United States to the supplier exceeds the price fixed in the sales agreement with the purchasing country or international organization, unless the President determines that continued production of the defense article sold is advantageous to the Armed Forces of the United States. The amendment also provides that any excess in price paid by the purchasing country or international organization over the price paid by the United States to the supplier is to be credited to the separate fund account provided for in section 508 of the act, which relates to reimbursements.

If the amount is less than the price to be paid by the United States to the supplier, funds available under the act for financing military sales will bear the difference, except when continued production of the item sold is to the advantage of the U.S. Armed Forces. In the latter case, the difference will be borne by the military department concerned.

The purpose of both of the above amendments is to make it possible for both the United States and the purchasing country or international organization to know the price to be paid for defense articles or services from defense stocks at the time the sales agreement is signed.

REIMBURSEMENTS

Section 508, which relates to reimbursements, is amended by the bill (sec. 201(e)) so that all income from military sales will be deposited in a separate fund account, which will be subject to Government-wide regulations relating to revolving funds and which will be available solely for financing further military sales and guaranties, including overhead costs. Such income is now credited to a separate military sales account which is a subaccount of the military assistance appro-

priation. The income to be deposited to the new account will include receipts from the disposition of evidences of indebtedness as well as charges (including fees and premiums) or interest collected.

The military sales program now amounts to substantially more than \$1 billion a year and is a major credit factor in the U.S. balance of payments. These amendments will simplify its administration by permitting the use of all items of principal and income accruing to the program for financing sales and guaranties. The present provisions of section 508 authorize the reuse of principal repayments only for this purpose.

EXCHANGES AND GUARANTIES

Section 201(f) of the bill amends section 509(b) of the act, which relates to the administration of military assistance guaranties, so that one U.S. Government agency does not have to pay to another U.S. Government agency the fees and premiums charged in connection with the issuance of guaranty contracts. The main purpose is to make it possible for the Defense Department not to charge the Export-Import Bank a fee on contracts which are guaranteed both by the Department and the Bank and on which the Bank collects an adequate fee from the beneficiary of the guaranty.

MILITARY ASSISTANCE SPECIAL AUTHORITY

The bill (sec. 201(g)) extends for 2 more years (through the fiscal years 1966 and 1967) the special authority contained in section 510 of the act, which permits the President to furnish defense articles from Defense Department stocks, as well as defense services, for military assistance purposes without charge to the current military assistance appropriation when he determines that it is vital to the security of the United States to do so. The value of such defense articles and services is limited to \$300 million a year, and prompt notice of any action taken pursuant to this authority is to be given to appropriate committees of the Congress.

MILITARY ASSISTANCE TO AFRICA

The bill (sec. 201 (h)) amends section 512 of the act, which relates to restrictions on military aid to Africa, to permit such assistance to be furnished not only for internal security requirements (which is authorized under present law) but also for "civic action requirements" in accordance with the new provisions of section 505(b) (see above). The \$25 million ceiling on grants of defense articles to African countries is continued for each of the fiscal years 1966 and 1967.

PART III

CHAPTER 1—GENERAL PROVISIONS

RETENTION AND USE OF ITEMS AND FUNDS

Section 301(a) of the bill amends section 605 of the act, relating to retention and use of items, as follows:

First it changes the section heading to read "Retention and Use of Certain Items and Funds."

Secondly, it adds two new subsections which provide that funds realized by the United States as the result of the failure of certain transactions to conform to law or AID regulations, or from the disposal of certain defense articles shall be deposited into the Treasury as miscellaneous receipts.

Under current law, for example, refunds received by the economic aid program may be reused (i.e., reprogramed) only for the foreign country making the refund even though the refund was made as a result of that country's failure to comply with AID regulations or agreements.

In the committee's opinion, such funds or refunds should not be reused or reprogramed without prior authorization from the Congress. The committee believes, therefore, that the provision which requires them to be deposited into the Treasury as miscellaneous receipts is appropriate.

CERTIFICATION FOR ECONOMIC ASSISTANCE

Section 301(b) of the bill amends section 611(a) of the act, relating to completion of plans and cost estimates, as recommended by the General Accounting Office. Under section 611(a) no agreement or grant constituting an obligation of the U.S. Government in excess of \$100,000 shall be made for any economic assistance until certain requirements are met. The GAO amendment adds the requirement that within 6 months prior to the making of such agreement or grant the chief of the economic assistance mission in the recipient country must certify that the country has the capability to utilize the assistance effectively. If the certification cannot be made, the assistance may be furnished only upon specific advance approval by the Secretary of State, an Under Secretary, or an Assistant Secretary. This amendment is analagous to section 513 of the act, relating to the certification requirement for furnishing military assistance, which was approved by the committee in 1964.

USE OF FOREIGN CURRENCIES

Section 301(c) of the bill amends section 612 of the act, which relates to the use of foreign currencies, by redesignating subsection (c) as subsection (b). The latter was redesignated as section 104(t) of the Agricultural Trade Development and Assistance Act of 1954 by section 2 of Public Law 88-638.

The committee adopted two amendments relating to foreign currencies which were proposed by the General Accounting Office. One amendment (sec. 301(c) of the bill) contains substitute language for the second paragraph of redesignated section 612(b) of the act. It provides that all appropriate steps shall be taken to assure that, to the maximum extent possible, U.S.-owned currencies are utilized instead of dollars, and that no dollar funds shall be spent for goods and services when foreign currencies are available unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case. The amendment applies to all U.S.-owned currencies. Under present law, only foreign currencies which are determined to be excess to U.S. needs are required to be utilized in lieu of dollars.

The other amendment (sec. 301(d) of the bill) proposed by the GAO changes the heading of section 613 to read "Accounting, Valuation, Reporting, and Administration of Foreign Currencies," and adds a new subsection (d) which deals with interest rates on deposits of foreign currencies. It provides that in cases where assistance is furnished on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that the agreements governing the furnishing of such assistance include provisions for the receipt of interest income on the foreign currencies deposited in authorized depositories at a rate "not less favorable than the highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries." Pursuant to the provisions of the amendment, the Secretary of State may waive the interest income requirement if he determines it not to be in the national interest and promptly reports such determination to the Congress.

ACT-OF-STATE DOCTRINE

The bill (sec. 301(e)) amends in two respects the provision in existing law (sec. 620(e)(2) of the act) that no court in the United States shall decline on the ground of the act-of-state doctrine to make a determination on the merits or to apply principles of international law in a case in which an act of a foreign state is alleged to be contrary to international law.

The existing law applies to cases pending at the time of its enactment or brought since then in which "a claim of title or other right" is asserted based upon a confiscation or other taking after January 1, 1959, by an act of a foreign state in violation of the principles of international law. The bill amends this so that it will apply only to cases in which "a claim of title or other right *to property*" is asserted. The same change is made in the proviso in existing law which exempts cases with respect to such claims acquired pursuant to an irrevocable letter of credit of not more than 180 days issued in good faith prior to the time of the confiscation.

The words "to property" have been inserted to make it clear that the law does not prevent banks, insurance companies, and other financial institutions from using the act of state doctrine as a defense to multiple liability upon any contract or deposit or insurance policy in any case where such liability has been taken over or expropriated by a foreign state. In such cases, it is not intended to affect any defense previously available to such institutions.

The bill also strikes out the provision in existing law limiting its application to cases begun prior to January 1, 1966. The effect is to make section 620(e)(2) permanent law.

This paragraph (e)(2) refers to "the principles of international law, including the principles of compensation and the other standards set out in this subsection." This reference is to the provisions of section 620(e)(1) which define the obligations of international law to include "speedy compensation * * * in convertible foreign exchange equivalent to the full value" of the property affected.

INVESTMENT GUARANTY AGREEMENTS

Pursuant to the provisions of section 620(l) of the act, no assistance shall be provided after December 31, 1965, to the government of any less developed country which has failed to enter into an agreement with the President to institute an investment guaranty program against inconvertibility and expropriation or confiscation. The cutoff date is changed (sec. 301(e)(2)) to June 30, 1967.

Considerable progress has been made in concluding investment guaranty agreements in the past few years, and at the present time such agreements are in force with 63 less developed countries. Moreover, negotiations are now being conducted with several governments and there is reason to believe that additional investment guaranty agreements will be concluded in the future. Such being the case, the committee felt that a December 31, 1965, cutoff would be premature.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

STATUTORY OFFICERS

The bill (sec. 302(a)) amends section 624 of the act, which relates to statutory officers, as follows:

It amends subsection (b), which presently authorizes the President to fix the order of succession among the Assistant Administrators of AID, to authorize the fixing of such order among the statutory officers of that agency. This is a technical change necessitated by the amendments to section 624(a) made by section 305(42) of the Federal Executive Salary Act of 1964 (title III of the Government Employees Salary Reform Act of 1964, Public Law 88-426).

It also amends subsection (d) by striking out all references to Public Law 86-735 and substituting the short title of that law, "the Latin American Development Act, as amended."

EMPLOYMENT OF PERSONNEL

Section 302(b) of the bill amends section 625(d) of the act, which relates to employment of personnel, by increasing from 20 to 30 the number of persons who may be appointed to the Foreign Service Reserve and who may initially be assigned for duty within the United States for not more than 2 years for the purpose of preparing them for overseas duty. This will make it possible for a few more officials to have the benefit of experience in Washington headquarters before going abroad, but it will not remove all restrictions on the domestic employment of Foreign Service Reserve officers.

The bill (sec. 302(c)) also amends section 626, relating to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c). The present subsection (c) was repealed by section 402(a)(35) of the Dual Compensation Act (Public Law 88-448).

REIMBURSEMENT FOR DETAILED PERSONNEL

Section 302(d) of the bill amends section 630 of the act, which relates to the terms of detail or assignment of personnel, by providing that when detailing any officer or employee of the United States to a foreign government or international organization on a reimbursable or advance credit basis, the President may require the foreign govern-

ment or international organization to pay an amount equal to the cost to the United States of any benefits payable to the employee in respect of the period of his assignment or detail. Under the current provisions of section 630 (pars. (2) and (4)), reimbursement or advance credits are made only for "compensation, travel expenses, and allowances" payable to the officer or employee assigned or detailed.

ADMINISTRATION OF SMALL PROGRAMS

The committee approved an amendment (sec. 302(e) of the bill) to section 631 of the act, relating to missions and staffs abroad, by adding a new subsection (d) which provides that in any case in which the assistance programed for any country does not exceed \$1 million in any fiscal year, such assistance shall be administered under the direction of the chief of the U.S. diplomatic mission by the principal economic officer in the mission in the case of economic assistance, and by the senior military officer of the mission in the case of military assistance.

The committee is concerned with preventing the proliferation of personnel serving abroad in connection with U.S. aid programs, and it is felt that this amendment will at least have the effect of eliminating the assignment of AID or military assistance administrative personnel to those countries where the programs are comparatively small. The committee does not intend the amendment to interfere with the administration of certain very small programs from Washington, with the practice of delegating aid functions to the Ambassador, nor with the administration of military sales programs.

ADMINISTRATION OF MILITARY SALES

The bill (sec. 302(f)) amends section 635(g) of the act, which relates to general authorities, to extend to the military sales program the authorities and requirements now applicable under that subsection to loans. The most important of these authorities is the authority to dispose of evidences of indebtedness, an authority which will improve the administration of the military sales and guaranty program. As the program is now carried out, separate agreements are concurrently negotiated between the Defense Department and the foreign government, between the financial institution and the foreign government, and between the financial institution and the Defense Department. This amendment will simplify this procedure by permitting the Defense Department to sell the notes of the purchasing government to one or more financial institutions, each note backed by a U.S. Government guaranty, and thereby eliminate the need for separate loan agreements between the financial institutions and the foreign government.

PROVISIONS ON USES OF FUNDS

Section 302(g) of the bill makes two technical changes in section 636(f) of the act which relates to provisions on uses of funds, to reflect changes in references to other laws.

ADMINISTRATIVE EXPENSES

The bill (sec. 302(h)) amends section 637(a) of the act which relates to administrative expenses, to provide for an authorization in the amount of \$55,240,000 for each of the fiscal years 1966 and 1967. The estimate for administrative expenses in 1966 is \$843,400 more than in 1965, primarily because of increased wage and salary costs, both for Americans and foreign nationals. The committee notes with satisfaction that most of these higher costs have been offset by personnel reductions and expresses the hope that the trend to fewer employees will continue.

FAMINE AND DISASTER RELIEF

Sections 302 (i) and (j) of the bill broaden the existing exemption of famine and disaster relief from the prohibitions of the act.

Under existing law, the President may, notwithstanding the prohibitions in the act against furnishing assistance to a certain country or the government of that country, furnish famine and disaster relief to the people of that country provided (i) that the assistance is not furnished through the government of the country concerned but directly by the United States or through voluntary organizations, such as the Red Cross, and (ii) that the assistance does not confer a long-term economic benefit upon the country but meets only the immediate requirements of the disaster victims for food, medicine, and temporary shelter.

The amendment approved by the committee (new sec. 639 of the act) broadens this existing authority to permit the United States to do whatever is necessary to meet the needs of famine or natural disaster victims during the initial emergency period, including dealing directly with the government or furnishing items of more lasting benefit to the country than food, clothing, and temporary shelter. According to the executive branch, the initial emergency period would be considered as being no longer than 60 days from the date the natural disaster occurs.

The amendment would also permit the United States to meet some of the short-run rehabilitation requirements resulting from the natural disaster but which cannot be planned for or completed during the immediate emergency period. This expanded authority would be used only to carry out programs that can be completed within 90 days after plans have been drawn up and funds made available.

MILITARY SALES

The committee approved an amendment (sec. 302(j) of the bill) which adds a new section 640 to the act as follows:

Except as otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organizations will strengthen the security of the United States and promote world peace.

The purpose of this amendment is to exclude military sales from the several provisions of the act which prohibit assistance under various circumstances. The amendment is based on a distinction between "assistance" and "sales." There are entirely different considerations of national policy involved in aiding a country and selling it military equipment.

CHAPTER 3—MISCELLANEOUS PROVISIONS

STATUTES REPEALED

The bill (sec. 303(a)) amends section 642(a)(2) of the act, which relates to statutes repealed, in the following ways:

First, it repeals section 143 of the Mutual Security Act of 1954 which relates to aid to Yugoslavia but is now obsolete, having been superseded by the broader provisions of section 620(f) of the act.

Second, it repeals the proviso authorizing the continuation under the act of certain programs authorized by sections 405 (a), (c), (d), and section 451(c) of the Mutual Security Act of 1954 until enactment of separate legislation relating to such programs. Enactment of separate legislation—the Migration and Refugee Assistance Act of 1962—renders this savings clause obsolete.

DEFINITIONS

Section 303(b) (of the bill) amends section 644 of the act, which relates to definitions, in the following respects:

First, it amends the definition of "excess defense articles" (sec. 644(g) of the act) to make clear that defense articles procured in anticipation of military assistance or sales requirements are not to be taken into account in determining the quantity of defense articles owned by the U.S. Government that are in excess of the mobilization reserve.

Second, it amends the definition of "value" as it relates to nonexcess defense articles (sec. 644(m)(2) of the act) to make clear that the standard price establishing the "value" of such articles will take account of any authorized reductions in prices which have occurred up until the time the articles are dropped from inventory by the supplying agency.

Third, it makes it clear that all elements of the pricing formulas for military goods apply to sales as well as assistance programs.

UNEXPENDED BALANCES

Section 303(c) (of the bill) makes a technical amendment to section 645 of the act, which relates to unexpended balances, by striking out "Public Law 86-735" and substituting the short title of the act, "the Latin American Development Act, as amended."

SALE OF BUILDINGS AND GROUNDS

Section 304 of the bill broadens the provisions of section 9 of the Foreign Service Buildings Act of 1926 by authorizing the Secretary of State, when he finds it to be in the interest of the Government, to sell buildings and grounds acquired for use in carrying out activities

under the economic assistance program in foreign countries, and to apply the proceeds of such sales to the acquisition or improvement of other properties.

Under present law, the Secretary of State is authorized to sell only such buildings and grounds acquired "for use of diplomatic and consular establishments" in foreign countries. Pursuant to the provisions of section 9, proceeds of such sales may be applied toward the purchase and construction, furnishing, and preservation of other properties, or held in the Foreign Service building fund. The Secretary is required to report all such transactions annually to the Congress with the budget estimates of the Department of State.

PART IV—PROGRAMS FOR FISCAL YEARS BEGINNING AFTER JUNE 30, 1967

The bill adds a new part IV to the act which will, the committee believes, lead to substantial changes and improvements in the scope and nature of the foreign assistance program.

First, in the new section 701 it is provided that all assistance under the Foreign Assistance Act of 1961, as amended, and under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), or any extension thereof, shall be terminated as of June 30, 1967. The purpose is to make possible a completely fresh start with a revamped program after that date.

The new section 702 requests the President to submit to Congress by July 1, 1966, his recommendations and legislative proposals for future foreign aid programs taking into account principles which are set forth in the new section 703. The committee also contemplates that the President may wish to take account of the recommendations of the Planning Committee referred to below and to counsel with it.

The principles of section 703 are that assistance should be divided into four distinct categories:

(1) Assistance intended primarily for humanitarian purposes, including famine relief and other assistance under title II of Public Law 480, and assistance extended through worldwide international organizations (as distinct from free world organizations). This would be the means by which the United States meets its obligations as a good citizen of the world—analogueous to an individual's contributions to a charity drive.

(2) Development assistance: This would be extended "only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise." It would also be extended in furtherance of sound plans for economic and social growth with a view to making the recipient countries self-sufficient as soon as possible. This type of assistance would be aimed directly and exclusively at economic development in countries selected according to the criteria stated. Only in such countries is there a reasonable possibility that economic development can be brought about in a framework compatible with U.S. national interests.

(3) Political or contingency assistance: This would be primarily to advance or protect the mutual interests of the United States and a limited number of recipient countries or areas. This recognizes that, on occasion, a power with the worldwide interests of the United

States has to engage in aid for purely political reasons, narrowly defined.

(4) Military assistance: This would be furnished to serve the military defense of the United States as recommended by the Secretary of Defense, subject to the approval of the Secretary of State.

Further principles to be taken into account in proposals for any future aid program are that, except for humanitarian assistance, aid should be extended to no more than 50 countries; and that administration of nonmilitary assistance should be unified, insofar as practicable, under a single agency. Finally, it is provided that any future foreign aid proposals should include recommendations as to the extent to which assistance should be furnished multilaterally or bilaterally and the extent to which it should be extended on a program or a project basis.

The new section 704 creates a Foreign Aid Planning Committee to advise and assist the President upon his request and to make its own independent studies and investigations with a view to submitting recommendations to the Congress.

The committee is to consist of 12 members—four to be appointed by the President, four members of the Senate Foreign Relations Committee to be appointed by the Vice President, and four members of the House Foreign Affairs Committee to be appointed by the Speaker. The committee is given the usual authority to provide itself with a staff, to hold hearings, and to subpoena witnesses and documents. Departments and agencies of the Government are directed to furnish the committee, upon its request, such information or other assistance as may be necessary. Not to exceed an aggregate of \$400,000 of foreign aid appropriations is to be made available to the committee to carry on its work. The committee's final report is due January 3, 1967.

The Foreign Relations Committee intends for the principles enunciated in these new sections of the bill with respect to any future foreign aid programs to be interpreted by the President and by the Foreign Aid Planning Committee as broad guidelines. They are not meant to be all-inclusive or as limitations on any recommendations or on any studies which the Foreign Aid Planning Committee may feel desirable. Among other things, the committee should address itself to the question of loan terms, and to the question of separating economic and military assistance.

The Foreign Aid Planning Committee is specifically authorized to submit interim reports prior to the date of its final report. It will have available in July 1966 the President's recommendations to the Congress, and it will take these into account in framing its own recommendations for final submission 6 months later.

The Foreign Relations Committee believes that out of the guidelines which the bill provides and out of the studies which it authorizes, there can be developed a foreign-aid program which is sharper in focus and clearer in purpose than the miscellany of activities presently lumped under the heading of "foreign aid." The committee also believes that the number of countries receiving assistance of one kind or another should be reduced. It recognizes that progress has been made in this direction in recent years, but further reductions are called for. The figure of 50 countries, which is mentioned in the guidelines in the bill, is to be compared with 82 countries for which military or economic aid is programed under the Foreign Assistance

Act. The figure of 50 is admittedly arbitrary and may be adjusted upward or downward depending on the recommendations of the President and of the Foreign Aid Planning Committee. Some limitation on the number of aid-recipient countries, however, should have at least two salutary effects: (1) It should induce the executive branch to adopt more stringent priorities and to reconsider its present tendency to view an "AID presence" in a developing country as ipso facto desirable; and (2) it should make aid, where extended, more meaningful.

6. MINORITY VIEWS OF MR. MORSE

I did not vote for the bill in committee because I do not consider that it embodies a worthwhile aid program for the 2 years of aid which it authorizes. Once again, the Foreign Relations Committee has found the program in its existing form to be unsatisfactory. Its report states that:

The committee this year approached the foreign aid bill with something close to a consensus on three basic points: first, that some kind of foreign assistance program is essential to the national interest of the United States; second, that there is a great deal of profound dissatisfaction with the program conducted under the Foreign Assistance Act of 1961, as amended; and third, that the Congress has a clear duty to perform in providing policy guidance in the field of foreign relations including the aid program.

But even as it expressed its "profound dissatisfaction," the committee once again declined to do anything of consequence to improve the program for the 2 years covered by the bill. The most it could bring itself to do was to terminate the program at the end of that time and call for a Foreign Aid Planning Committee to be set up in the meantime to recommend a new program.

Part IV of this bill is a revision of an amendment I first offered 2 years ago. At that time, the Foreign Relations Committee said of it in its 1963 report:

In fact, the committee gave serious consideration to an amendment that would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects.

Since no revamped program has been received in 2 years, I do not see how the committee can conscionably recommend another 2 years of the existing one.

The 2-year authorization dovetails with the timetable of the Planning Committee, which will make interim reports and a final report by January 3, 1967. I concurred in it for that reason. But establishment of the Planning Committee does not relieve the Foreign Relations Committee or the Congress from their duty to alter the program in *this* bill, for those 2 years.

RESPONSIBILITY FOR AID PROGRAM RESTS WITH CONGRESS

For too long, the committee, and the Congress as a whole, have failed in their duty to establish clear policy guidelines for the extension of American foreign aid to other nations. This is not an area of foreign policy that the Constitution assigns to the President. If it were, legislation would be unnecessary.

As it is, only Congress is authorized to appropriate money, and that only in pursuance of law. And only Congress is authorized "to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States." It is only under this provision of the Constitution that foreign aid is possible at all.

The recommendations of a President are as desirable in the enactment of a foreign aid program as they are in the enactment of an antipoverty program or a flood control project. But there is no constitutional basis for the general use of administrative discretion which has rendered the aid program the flabby and unproductive one it is today.

The freehanded extension of aid in the last 15 years has greatly weakened it in all its various purposes. It was the conditioning by the United States that led the United Arab Republic's delegate to announce to the United Nations last December: "It [foreign aid] is a right to which the developing countries are entitled."

So long as our administrative officials regard aid as a means of American ingress all over the world, receiving countries will continue to be encouraged to think it comes with diplomatic recognition and requires nothing more from them than their existence.

This lack of standards, and the delegation of its duties and functions, are the fault of Congress. Hence, the failure of foreign aid to return to the American people any results commensurate with their expenditure is also the fault of Congress.

The foreign aid program has operated as though through a ministry' changing when its chief executive falls, but otherwise carrying out its activities free from legislative direction. Some authorities prefer that system for the United States, but that is not the system established by the Constitution and I do not believe we should allow ourselves to drift into it by the voluntary relinquishment of its powers on the part of Congress.

THE 2-YEAR AUTHORIZATION

While I voted with a large majority of the committee members to authorize a 2-year extension of the foreign aid program, I am compelled to make my position on this question completely clear. The sole reason why I went along with this extension, even while voting against final passage, hinges upon committee acceptance of my amendment which is carried in part IV of the bill, and which dictates an end to the program as presently constituted in 1967. I accept the committee consensus that there would be considerable confusion and technical difficulties if my cutoff amendment became law, and if the subsequent special committee and the administration at the same time were working on two possibly very different approaches to the foreign aid problem.

Thus, I agreed to vote for a 2-year authorization—although not for the bill as a whole—with the understanding that this agreement depends on part IV of the bill becoming law.

At the same time I do not believe—and I know the majority of committee members agree with me—that we can relinquish in any way our duty to check into the foreign aid situation each and every year, regardless of whether or not an administration bill is referred to us. In the first place, this duty of legislative oversight is inescapably imposed upon us by the Reorganization Act of 1946, as well as by all historical precedent. Secondly, there is nothing to prevent either the committee or a single member of it from seeking out the facts on foreign aid at any point during any year, and making the resulting information available to the Senate and to the public. In the third place, I would contemplate a situation in which the Foreign Aid Planning Committee established by my cutoff amendment would make interim reports on its findings, whether formal or informal in character. I would further expect the Committee on Foreign Relations to consider such data closely and to press for any necessary changes that might be made by the AID Agency. Should the latter not comply on a voluntary basis, it must be understood that there would be no inhibition against this committee introducing legislation to give mandatory effect to the Planning Committee's recommendations. In sum, no one should be under any illusion that the Foreign Relations Committee by agreeing to a 2-year extension of the program is thereby giving up even the slightest bit of jurisdiction over the operation of the program.

Finally, I want to reemphasize my understanding that the 2-year authorization and the cutoff amendment are indissolubly linked. There should be, if there is not, fierce determination on the part of the Foreign Relations Committee to contest any effort to scuttle my amendment while trying to preserve the 2-year authorization.

THE THREAT OF MULTILATERALISM

The bill reported by the committee majority contains two provisions, described as major ones in the report, designed to promote a shift in U.S. foreign aid programs from a bilateral to a multilateral basis. A new proviso is inserted in the act's statement of policy which puts the Congress on record as urging "* * * that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis. * * *" Section 205 of the act is then broadened to give the President authority to take as much as 20 percent of the program funds authorized for development lending and to turn them over to the International Development Association (IDA), the World Bank, and the International Finance Corporation. Only the vigilance of committee members prevented an attempt to include in this giveaway all multilateral financial institutions, not merely those now in existence, but those yet to be organized.

These are indeed major provisions—and dangerous ones to boot. To the credit of the backers of this initiative, there is no effort to mask the meaning of the shift; their reasoning is made painfully clear. Most important, it is openly stated that a successful move toward multilateral aid would permit avoidance of the new criteria and regulations now governing bilateral U.S. assistance.

For example, it would entirely evade the extremely valuable Hickenlooper amendment, which has helped so much to inhibit, if not prevent, expropriation of U.S. property in countries aided by our bilateral program. This is a particularly important example, for it highlights the fact that what criteria there are in the act resulted from efforts by the Congress to provide strong guidance, rather than from bureaucratic fiddling with minor administrative restraints, as the promoters of multilateralism implicitly seem to claim.

Again, by leaving it entirely up to the President to determine the means by which funds would be given to multilateral organizations, there is an in-built power to undermine the bipartisan Lausche-Mundt effort to encourage financial responsibility and competence in the less developed countries by insisting on more businesslike loan terms. The IDA lends for a half-century and virtually dispenses with interest rates. In other words, IDA loans are the "softest" now available to borrowers in the underdeveloped world. And make no mistake about this point: it is the IDA which would receive the funds under these committee amendments to the act. World Bank loans are made on far "harder" terms than those which govern our bilateral lending, and the Bank under these provisions would scarcely seek new funds—which it apparently does not now require from us. Indeed, the Bank recently arranged to turn over to the IDA a portion of its annual net profits. As for the International Finance Corporation, it has had difficulty over the years in even employing the relatively modest sums which it has available. Thus it is evident that we are really dealing with the soft-loan IDA in this context. And this is an institution which so far has devoted more than half its resources to just two countries, India and Pakistan; these are also ones which receive a heavy share of our bilateral foreign aid, amounting to billions of dollars over recent years.

I am not opposed to providing limited funds to the multilateral financial institutions under firm guidelines which encourage businesslike terms. But the requirements of these many institutions are becoming insatiable. At the beginning of last year the Congress provided authority for a \$312 million increase in the U.S. contribution to IDA over a 3-year period; yet there is now information that most of this authority has been used for loan commitments and that a new increase will be sought in the near future. Also, early in 1964 the Congress authorized new backing for the Inter-American Bank of close to half a billion dollars; yet one of the first bills we approved this year authorized another \$750 million for that Bank over a 3-year period. In addition, pending before the committee right now is a bill to expand our quota in the International Monetary Fund by \$1 billion—one-quarter of this sum to be made available from the stocks of gold which have been steadily slipping away from us.

Other bilateral aid limitations to be avoided by this section are procurement source limitations designed to protect the U.S. balance of payments; the requirement for detailed plans and cost estimates, 50-50 shipping; the restrictions on aid to Cuba, Poland, Yugoslavia, and other Communist countries; on aid to countries shipping goods into Cuba; on aid for enterprises abroad that will export back into the United States in competition with our own enterprises; on aid to countries preparing for aggression against other U.S. aid recipients; on aid to Indonesia; on aid to countries having no investment guarantee agreement; and on aid to economically developed countries.

OTHER UNSOUND PREMISES OF MULTILATERALISM

What other reasons do the multilateralists advance in support of this shift? Their greatest emphasis is given to the questionable point that aid from a multinational organization does not result in resentment and hostility among the people assisted, which outcome has been so frequently the case with bilateral foreign aid. Now this is a fascinating admission about the record of our current aid program by those who are entirely prepared to approve 2 more years at the same old stand. I submit that there is no inescapable correlation between loaning money to a country and breeding resentment in the process. On the contrary, the connection between the two depends on the individual circumstances, on the kinds of assistance, and on the ways in which the overall transaction is handled. It seems overwhelmingly obvious that many basic flaws underlie our foreign aid program as it is presently formulated and administered if it brings such untoward results.

Where have resentment, backbiting, and mischiefmaking been most prevalent? Precisely in those countries—such as Indonesia, the United Arab Republic, Pakistan, and Ghana (not an exclusive list, by any means)—which the United States should have been extremely chary of assisting in the first place. Those four countries from 1946 through fiscal year 1964 received about \$4½ billion in economic aid and agricultural surpluses, excluding long-term Exim Bank loans and military assistance. The executive branch of our Government would have an impossible task if it tried to document just what the American people have received in benefits from their generosity in these instances. Only now is the U.S. Government reconsidering its actions, despite all the warnings from the Congress in recent years.

Too late, but at last we are stemming the flow of largesse in such areas. However, the international financial agencies operate under criteria which do not permit the political judgments and policy adjustments we are able to make unilaterally; on the contrary, they are virtually compelled by their charters to consider economic factors alone. In these circumstances, there is nothing to prevent such financial institutions from using our contributions to help countries which are taking actions directed against our national interests. For example, the IMF is considering sending a team to Ghana to help straighten out the internal economic mess created by the most irresponsible and brutal dictatorship in tropical Africa. Yet it is all too evident that no basic change can take place in Ghana under its present regime.

One other main point in favor of their thesis is put forward by the multilateralists; namely, the premise that the capacity to make increased U.S. contributions will act as a lever to get the other industrialized free world nations to contribute more funds to the international agencies. Even if the premise were correct, and I am extremely dubious, the policy is not an appealing one. If the other developed nations wish to shirk their responsibilities, as we seem to interpret them, then the United States should resist rather than welcome the role of "father knows best." Much of the anti-Americanism found among our closest allies is attributable to just this kind of self-righteousness. It is entirely possible that our allies have very good

reasons for not wishing to make larger contributions to the multilateral agencies.

There is one other vital factor, however, which seems to have been totally ignored by those who support a steady movement of our foreign aid efforts into the multilateral category. On the question of the balance-of-payments impact of the program as a whole we are constantly being reassured by the high percentage of our references to "tied loans." Yet it does not appear to have occurred to the executive and legislative advocates of the multilateral approach that nothing could be more conducive to untying our loans than such a policy. By my computation as much as \$300 million of our development lending could be freed of payments restraint by use of the 20-percent transfer authority.

Above all, these two committee amendments to the basic act should be stricken from the bill because they pose the clearest possible threat to control over our foreign aid program by the Congress and, by extension, the American people. It is true that the United States has representatives who exercise our voting power—a less than full equivalent to our contributions—in the multilateral financial institutions. However, the only meaningful congressional contact with those representatives comes when they appear to urge new U.S. contributions to such institutions; we may offer all the views we wish on such occasions, but there is no way to compel acceptance of any advice. Once the money is voted, it is turned over to the multilateral institutions and their use of the funds is not subject to congressional control. The same is true for the criteria and regulations established by those agencies. Only general guidelines are approved in their articles of agreement; and, once accepted, these provide great flexibility. The Congress is powerless to change the situation except through somehow stimulating an agreement for amendments among a great majority of the member countries. In practice, this means a total lack of congressional direction.

In these circumstances, multilateralism in the context of our foreign aid program forgoes the right and duty of the Congress to participate in the formulation and administration of a vital tool of our Nation's foreign policy.

INFLATED MILITARY ASSISTANCE

As in the past years the military assistance element in the foreign aid program is unjustifiably large and scattered in character. This year, even more than in the past, the military aid component appears to be based on an outmoded and ineffective policy framework. It adds insult to injury for the Congress to be asked to authorize \$115 million more for fiscal year 1966 than the \$1.055 billion appropriated in the current fiscal year. Even the Clay Committee Report of 1963, which did not seriously contest the overall policy governing military aid, but protested the number of countries involved, made it clear that by this stage we should be contemplating a program of no more than \$1 billion for military assistance.

We can derive no comfort from the constantly repeated assertion that 72 percent of the military aid funds are concentrated in 11 so-called "forward defense countries": Greece, Turkey, Iran, Pakistan, India, Thailand, Laos, Vietnam, Philippines, Taiwan, and Korea. These countries described in the unclassified summary presentation

book as bordering on the Soviet Union and Communist China—erroneously in the case of three of them—are, it is true, most exposed to the possibility of Soviet or Communist Chinese aggression. On the other hand, even if one believes, as I do not, that our past heavy infusions of military assistance could help these countries to defend themselves for more than a few days without massive U.S. intervention, the problem is that most of these countries do not appear to share that view of the situation. On the contrary, at least four of them are far more interested in concentrating their troops in a position to fight each other, rather than to repel any fancied Communist invasion. In the case of the two island nations concerned, there scarcely can be any question but that their security depends almost entirely on American air and sea power in the Pacific, and not on large numbers of ground forces.

Each year, we are told that indigenous armies are cheaper to “field” than an equivalent number of U.S. troops and they will be on hand to help us fight any war in their area. This comforting theory has been voiced in special connection with the Far East. But right now we are fighting a war in the Far East, and where are the troops from South Korea, Thailand, the Philippines, Pakistan, and Taiwan that our taxpayers have been supporting all these years?

The time is long overdue for us to confront the premise that the policy framework for our military aid program depends very largely on an obsolescent theory developed a dozen years ago. The hallmark of this theory was a severe case of “pactitis.” Because NATO was a real success and totally valid at a time of great peril for Western Europe, it was decided that the success should be emulated in every area that might be threatened by the then monolithic Sino-Soviet bloc. Thus we had the creation of SEATO and CENTO—or the northern tier, as it was often called—and in our period of fondest enthusiasm even thought of creating a southern tier which would make everything tidy if not sensible.

Now we go on today as if nothing had really changed in the last decade. We do so despite the evidence of change on every side. The Sino-Soviet bloc has split into two competing powers, whose only prospect of renewed cohesion probably stems from the pressure exerted by the United States on southeast Asia. The SEATO alliance has been proved virtually useless in the context of the undeclared war in southeast Asia, and may be deserted by France at the first politically opportune moment. CENTO long ago lost its Baghdad headquarters through the withdrawal of Iraq; it now finds that its eastern anchor, Pakistan, is busily making friendly gestures toward Red China while indulging its apparent true vocation of warlike maneuvers on the borders of India. The latter, which has steadfastly refused to play the alliance game, is diverted from the necessary task of guarding its borders against Chinese incursions by the threatening posture of the U.S.-equipped Pakistani Army.

One would think that, with all the transformation which has occurred in Asia, the Pentagon might be inhibited from coming to the Congress with the selfsame story which it has advanced unchanged for these many years. Such is not the case, however. Those of us who have been on the committee for some time can recite the Defense Department’s testimony from memory before the hearings on foreign aid even begin.

"OBsolescence" THEORY WILL LEAD TO PERMANENT MILITARY AID

Another argument we have heard with wearying frequency in this regard concerns the purported need for us to replace obsolete equipment with up-to-date weapons in these forward defense countries. This is the case, even though there is growing evidence that the more modern American equipment being used in Vietnam is not suited to the nature of the conflict there. For example, we seem to be finding that propeller-driven aircraft are far more useful than modern jets; indeed, it may not be too farfetched to envisage us buying back some of the "obsolete" equipment which we furnished to the forward defense countries. In any event, if our policy dictates that we must constantly keep replacing obsolete equipment in every country receiving large amounts of military aid, then we can anticipate the likelihood of our being forced to conduct such a program in the year 2000—if the world reaches that year intact. In the name of sanity, that policy should be promptly overhauled except for certain specific limited applications.

The reason for this great emphasis on such countries as Greece, Turkey, Pakistan, Taiwan, and Korea comes from two themes presented by the executive branch. In the first place, we are told that the military aid funds for southeast Asia in the bill not only cannot be curtailed, but should be subject to constant increase. As I note elsewhere in these remarks, the full cost of our undeclared war in Vietnam should be broken out of the foreign assistance bill and justified in a separate authorization which calls things by their right names. As matters stand, the argument afforded by the urgent situation in Vietnam is used by the Pentagon on every occasion to resist any cuts whatsoever in the military aid component.

SECRET MILITARY AGREEMENTS MUST STOP

In the second place, the Defense Department blocked out another large portion of the military aid program as being vitally needed to fulfill existing firm commitments about which neither Congress nor the public had heard. Some of the known commitments have to do with rental (to use a euphemism) for base rights, and with NATO infrastructure and equipment for a few NATO countries. But there is another area in which commitments have been made on as long as a 5-year basis without any prior notification of the Congress.

These agreements cannot be described here because of the blanket of secrecy which surrounds them. But the American people and their representatives are placed in an intolerable position when, without warning, they are suddenly faced with a demand that they should rubberstamp the Pentagon's arrangements or face the alternative of having the United States revoke its commitments. I am one such representative who deeply resents and protests such actions by the Department of Defense. At the same time, I see no feasible way of reversing such actions on any abrupt basis. It is this sort of problem which my amendment to cut off the present foreign aid program in 1967 is designed to overcome; fair warning is given here that all such secret agreements undertaken without the knowledge of this committee will be ended along with the rest of the program.

Despite the fact that less than half the requested military aid program is devoted to areas other than Vietnam and the firm commit-

ments which the Pentagon has secretly negotiated, there is still a great deal of scope for vitally needed surgery on military assistance. If, by now, we had carried out a searching reappraisal of our policy toward most of the forward defense countries, we might be in a position to cut as much as \$400 million from the requested military program. Even without such a reappraisal and a reformulation of policy I firmly believe we can reduce military aid by \$200 million without jeopardizing U.S. security interests anywhere.

As matters stand, it more often than not appears that the United States is giving military aid funds to authoritarian governments to hold down free peoples among the less developed countries. Or else it seems that we are acting in such a way as to irritate an already tense situation. A case in point is the apparently pending arrangement whereby the United States may provide Jordan with M-48 tanks in order supposedly to balance German military equipment going to Israel. The argument in this instance that Jordan might easily obtain such equipment elsewhere is one which is not in the least acceptable.

UNITED STATES BECOMING WORLD PEDDLER OF ARMAMENTS

In this latter connection, I have serious misgivings about the sales program which the Defense Department conducts under the basic act, and which is further promoted by provisions in the current bill. The interconnection between our aid programs and our military sales, and the Pentagon's enthusiasm for unloading something like a billion dollars' worth of material under such sales, are matters which I find extremely disturbing. The new trend toward computerized efficiency in the Pentagon is an improvement over the old chaos; but the prospect of my country flooding the world with surplus military equipment is not one in which I can take any pride. This issue should be tackled on the floor of the Senate.

GAO REPORTS CONTINUE CRITICAL

Again this year, the Foreign Relations Committee has received a series of reports from the General Accounting Office of wasted foreign aid funds. Although there was a time when reports dealing with economic assistance were available for public scrutiny, this year they, along with reports on military aid, are kept from the eyes of the public.

However, notification sent to each committee member by the staff indicates the nature of each report, and the notices received this year are as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
April 22, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The chairman has received a *confidential* report from the Comptroller General which is critical of certain aspects of the U.S. economic assistance program in the Philippines.

An *unclassified* paragraph which appears in the report is set forth below.

"MATTER FOR CONSIDERATION OF THE CONGRESS

"AID did not explain why it has continued to include in its appropriation requests large amounts for development loans to the Philippines when that Agency had abundant evidence to indicate that such loans would not materialize and when the executive branch has repeatedly asserted that appropriations being sought from the Congress for the economic assistance program represent minimum requirements computed on a realistic basis. In view of the likelihood that AID will continue its past practice of including unrealistically high amounts for development loans in its budget requests for the Philippines, we believe that the Congress may want to scrutinize, with particular care, the economic assistance program for the Philippines proposed for fiscal year 1966 in light of the findings contained in this report."

A copy of the report is available in the committee offices (S-116 in the Capitol) for members who wish to examine it.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
March 30, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The chairman has received a *secret* report from the Comptroller General which is critical of the military assistance program in the Republic of the Philippines.

A copy of the report is available in the committee's Capitol office (S-116) for any member of the committee who wishes to examine it.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
March 24, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The committee has received a *confidential* report from the General Accounting Office entitled "Waste of Funds in Construction of Shahabad Depot in Iran under the Military Assistance Program." Pertinent paragraphs from the Comptroller General's letter of transmittal are set forth below.

"In our review [covering the period 1956-63] of the Shahabad Depot project, a military depot constructed for the Iranian armed forces under the military assistance program for Iran, we found that military assistance program funds of \$8.4 million were for the most part wasted in construction of the depot. The depot has had only negligible use since its completion in January 1960, and present plans call for dismantling and relocating many of its storage facilities. We believe that the facts available when construction was started in 1958 indicated clearly that the depot was not needed or wanted by the Iranian Army.

“U.S. officials responsible for the military assistance program for Iran proceeded with the construction of the depot despite prior knowledge of a changed Iranian defense concept which had obviated the primary strategic need for the depot in the initially selected Shahabad area and despite the withdrawal of Iraq from the Baghdad Pact in 1958, after which Iranian Army officials had questioned the wisdom of proceeding with the construction and had expressed concern over the location of the depot in proximity to the border of an unfriendly country.

“We believe further that in 1958 the U.S. Military Assistance Advisory Group in Iran was concerned primarily with justifying continuing with the project—which was in the very early stages of construction at that time—rather than with considering the actual need for and intended use of the Shahabad Depot or the waste of military assistance program funds inherent in continuing with the project. The project could have been canceled in 1958, and we believe that not more than \$500,000 would have been unrecoverable costs thus saving almost \$8 million.

“We advised the Secretary of Defense of our opinion that management shortcomings had existed throughout the history of the construction of the Shahabad Depot from the inception of its planning, through the ensuing programing and construction phases, to its completion.

“We proposed that the Secretary of Defense institute procedures to require that continuing reevaluation and necessary revision of all planned, programed, and initiated military assistance program construction projects in foreign countries be made to assure that each project is justified, consistent with the extent to which the recipient country is capable and willing to effectively maintain and use the facility after completion, and the extent to which the project effectively furthers the U.S. objectives in the recipient country. We proposed also that the Secretary of Defense institute procedures to require that such responsive management actions be taken by responsible military assistance advisory groups, as well as by their higher and/or unified commands, as are dictated by changing international and national political situations affecting the recipient countries.

“The Department of Defense stated that it agreed with the facts in our report, but that it did not concur with our conclusion. The Department advised us, nevertheless, that new procedures had been instituted to require that continuing reevaluation and necessary revision be made of each planned, programed, and initiated military assistance program construction project.

“In view of the action taken by the Department of Defense in establishing new operating procedures for military assistance program construction projects, we are not making any recommendations at this time. We intend to evaluate the implementation of these new procedures as part of our continuing review of the military assistance program.

"We are reporting this matter to the Congress because of the significant waste of military assistance program funds disclosed by our review."

The report is available in the committee offices for members who wish to examine it.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
March 5, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The committee has received a *classified* report from the Comptroller General which states that the Agency for International Development and the Department of State did not exercise controls to insure that dollar grants made to Iran in 1961 would be used to import commodities from the United States, and as a result Iran procured \$12.5 million of wheat and wheat flour from Australia at a time when the United States had large stocks of surplus wheat available for disposal.

The report is available in the committee offices for any member who wishes to examine it.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
February 26, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The chairman has received a lengthy (117 pages) classified report from the Comptroller General which is highly critical of the U.S. military and economic assistance programs in Thailand.

A copy of the report is available in the offices of the Committee on Foreign Relations for any member who wishes to examine it.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
February 8, 1965.

To: All members of the Committee on Foreign Relations.
From: Carl Marcy.

The committee has received a report from the Comptroller General which criticizes Department of Defense officials for not giving adequate consideration to the utilization of available reserve fleet destroyer escorts in lieu of furnishing two new patrol frigates to Iran under the military assistance program. According to the report, the two new frigates were constructed at a cost of about \$7.4 million, while the requirements of the Iranian Navy could have been met by using available reserve fleet destroyer escorts at an estimated cost of about \$3.8 million for their activation, overhaul, and modernization, resulting in a savings of \$3.6 million. The

Comptroller General concludes that the reason adequate consideration was not given to the use of reserve fleet destroyer escorts was because responsible officials were reluctant to request the congressional approval required for their transfer to a foreign nation and because cost data used in evaluating the advantages of furnishing new patrol frigates was unrealistic.

In commenting on the GAO report, the Department of Defense stated that, according to the latest available U.S. Navy data, the current cost of activation, overhaul, and modernization of a reserve fleet destroyer escort is \$2.8 million plus \$700,000 for air conditioning and spare parts. These data, the Department of Defense asserted, indicate that the comparable figures should be \$7.4 million for two new patrol frigates and \$7 million for furnishing two reserve fleet destroyer escorts. In addition, Defense said the Navy Department had expressed the view that it was a more satisfactory longrun investment to provide new patrol frigates to Iran than it would be to use destroyer escorts from the reserve fleet with shorter remaining economic life expectancies.

A copy of the Comptroller General's report is available in the committee offices.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
October 1, 1964.

Memorandum to: Members of the Foreign Relations Committee.

From: Pat M. Holt.

Attached is a copy of a report to the Congress (No. B-146943, September 1964) from the Comptroller General entitled "Summary of Deficiencies Related to the Inadequate Administration of Military Budget Support Funds Provided to Certain Countries Under the Foreign Assistance Program."

VIETNAM AID SHOULD BE AUTHORIZED SEPARATELY

Our military activities in Vietnam and our national interests in Vietnam and Laos have burgeoned far beyond the intents and purposes of a foreign aid, and should be authorized in separate legislation.

It was an aid program unchecked and unsupervised by Congress that drew us into an undeclared war in that part of the world, but the war has reached the stage where it should no longer be lumped in with foreign aid.

Moreover, the proposal for an "open-end" authorization for Vietnam is a very bad precedent to put into a foreign aid bill. It represents the kind of authorization that will be sought for other areas if Congress approves this one, and will mark a further renunciation of congressional control over a legislative program.

SUMMARY

Because the authorization continues for 2 years aid programs for an excessive number of countries, because it increases military aid to countries where it will do American interests more harm than good, and because it promotes an increase in funds for international lending agencies sight unseen by Congress, I believe at least half a billion dollars should be cut from this bill for each of the 2 years.

WAYNE MORSE.

7. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

PART I

CHAPTER 1—POLICY

SEC. 101. SHORT TITLE.— * * * [Repealed—1963]

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion

in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. [It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.] *It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess personal property under this and other Acts.*

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest-rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on

an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries.

The Congress urges that all other countries (including private enterprise within such countries) able to contribute join in a common undertaking to meet the goals stated in this part. In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all. *Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free-world nations.* It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries in the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

* * * * *

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962, \$1,500,000,000 for the fiscal year 1963, \$925,000,000 for the fiscal year 1964, and \$1,500,000,000 for each of the next two succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year [during the above period] in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, [and June 30, 1966] *June 30, 1966, and June 30, 1967*, respectively, shall be available for loans made to encourage economic development through private enterprise.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

* * * * *

[SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International De-

velopment Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.】

SEC. 205.—*USE OF INTERNATIONAL LENDING ORGANIZATIONS.*—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 20 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

* * * * *

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President [for use beginning in the fiscal year 1965] to carry out the purposes of section 211 not to exceed [\$215,000,000 which] \$210,000,000 for use beginning in each of the fiscal years 1966 and 1967, which sums shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—* * * [Repealed—1962]

SEC. 214.—*AMERICAN SCHOOLS AND HOSPITALS ABROAD.*—(a) The President is authorized to furnish assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, [for the fiscal year 1965, \$18,000,000, to] \$7,000,000 for use beginning in each of the fiscal years 1966 and 1967, which sums shall remain available until expended.

NOTE.—Section 103(b)(1) of the bill provides that subsection (b) of section 214 “is hereby repealed, effective July 1, 1966.”

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by

this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) **【**The President may issue guaranties to United States citizens, or corporations, partnerships or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned (determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation) foreign subsidiary of any such corporation—**】** *The President may issue guaranties to eligible United States investors—*

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof.

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed **【**\$2,500,000,000**】** \$5,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises **【**and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000**】**: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$300,000,000: *Provided further*, That this authority shall continue until June 30, **【**1966**】** 1968.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus **【**actual**】** earnings or profits *actually received* on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency credits, assets, or investment on account of which payment under

such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under sections 221(b) and 224 is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under sections 221(b) and 224, under section 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), *and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties*, and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties therefore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities under such guaranties as long as such funds are available, and thereafter shall be paid out of funds heretofore appropriated for the purpose of discharging liabilities under the aforementioned guaranties, and thereafter out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and finally out of funds hereafter made available pursuant to section 222(f).

(e) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and all guaranties heretofore or hereafter issued pursuant to this title shall be considered contingent obligations backed

by the full faith and credit of the Government of the United States of America. Funds heretofore obligated under the aforementioned guaranties (exclusive of informational media guaranties) together with the other funds made available for the purposes of this title shall constitute a single reserve for the payment of claims in accordance with section 222(d) of this part.

(f) There is hereby authorized to be appropriated to the President such amount, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

(g) In making a determination to issue a guaranty under section 221(b), the President shall consider the possible adverse effect of the dollar investment under such guaranty upon the balance of payments of the United States.

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; [and]

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor’s own fault or misconduct, and materially adversely affects the continued operation of the project[.]; and

(c) the term “eligible United States investors” means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: Provided, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.

[SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States of of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing

Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$250,000,000.】

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) *It is the sense of Congress that in order to stimulate private home-ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.*

(b) *To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—*

(1) *pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;*

(2) *credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages;*

(3) *housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;*

(4) *housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress; or*

(5) *housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and has not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.*

(c) *The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$350,000,000: Provided, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That this authority shall continue until June 30, 1968.*

* * * * *

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

* * * * *

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1965 to carry out the purposes of this title not to exceed \$2,100,000, and for use beginning in fiscal year 1967 to carry out such purposes not to exceed \$2,100,000, which shall remain available until expended.

* * * * *

TITLE VI—ALLIANCE FOR PROGRESS

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SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to

other funds available for such purposes, for use beginning in each of the fiscal years 1963, 1965, [and] 1966, and 1967, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000, which sums are authorized to remain available until expended and which except for not to exceed \$100,000,000 in each of the fiscal years 1963 and [1964 and] 1964, \$85,000,000 in fiscal year 1965, and \$70,000,000 in each of the fiscal years 1966 and 1967 of the funds appropriated pursuant to this section for use beginning in each such fiscal year, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year. In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965 [and June 30, 1966], June 30, 1966, and June 30, 1967, respectively, shall be available for loans made to encourage economic development through private enterprise.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

(d) *Contributions to the International Secretariat for Volunteer Services for the calendar year 1966 or any subsequent year shall not exceed 28 per centum of the total amount contributed to such organization for such year.*

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, [for the fiscal year 1965] for each of the fiscal years 1966 and 1967 to carry out the purposes of this chapter not to exceed [\$134,272,400] \$146,455,000. [None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer

program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.】

* * * * *

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning [in the fiscal year 1965] *in each of the fiscal years 1966 and 1967* to carry out the purposes of this chapter not to exceed [\$405,000,000, which] *\$350,000,000 in each such fiscal year, which sums* shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this chapter, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President [for the fiscal year 1965 not to exceed \$150,000,000] *for each of the fiscal years 1966 and 1967 not to exceed \$50,000,000 in each such fiscal year* for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance when he determines such use to be important to the national interest.

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under this section.

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PART II

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CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities [in foreign countries] for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations;

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice; and

(e) guarantying, insuring, coinsuring, and reinsuring any individual, corporation, partnership, or other association doing business in the United States against political and credit risks of nonpayment arising in connection with credit sales financed by such individual, corporation, partnership or other association for defense articles and defense services procured in the United States by such friendly country or international organization.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning [in fiscal year 1965] *in each of the fiscal years 1966 and 1967* to carry out the purposes of this part, not to exceed [\$1,055,000,000, which] *\$1,710,000,000 in each such fiscal year, which sums shall remain available until expended.* Of the funds made available for the fiscal year 1965 to carry out the purposes of this part, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security[.]; *or for the purpose of assisting foreign military forces (or the voluntary efforts of personnel of the Armed Forces of the United States) to construct public works and to engage in other activities helpful to the economic and social development of friendly countries. It is the sense of the Congress that, insofar as practicable, such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort. [Provided, That, except]*

(b) *Except* (1) to the extent necessary to fulfill prior commitments [or (2)], *or (2) for civic action assistance, or (3) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so*

informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.

[(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.]

* * * * *

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay not less than the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. *Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization.* For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due: *Provided*, That the President may, when he determines it to be in the national interest, accept a dependable undertaking to make full payment within one hundred and twenty days after delivery of the defense articles, or the rendering of the defense services, and appropriations available to the Department of Defense may be used to meet the payments required by the contracts and shall be reimbursed by the amounts subsequently received from the country or international organization[.]: *Provided further*, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. *Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States.* Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508.

No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part *have been or* are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, *receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected* shall be credited to [the current applicable appropriation] *a separate fund account*, and shall be available until expended solely for the purpose of [furnishing further military assistance on cash or credit terms] *financing sales and guaranties, including the overhead costs thereof*, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES AND GUARANTIES.—(a) Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

(b) In issuing guaranties, insurance, coinsurance, and reinsurance, the President may enter into contracts with exporters, insurance companies, financial institutions, or others, or groups thereof, and where appropriate may employ any of the same to act as agent in the issuance and servicing of such guaranties, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder. Fees and premiums shall be charged in connection with contracts of guaranty, insurance, coinsurance, and reinsurance (*excluding contracts with any agency of the United States Government*). Obligations shall be recorded against the funds available for credit sales under this part in an amount not less than 25 per centum of the contractual liability related to any guaranty, insurance, coinsurance, and reinsurance issued pursuant to this part and the funds so obligated together with fees and premiums shall constitute a single reserve for the payment of claims under such contracts. Any guaranties, insurance, coinsurance, and reinsurance issued pursuant to this part shall be considered contingent obligations backed by the full faith and credit of the United States of America.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal [year 1965] *years 1966 and 1967*, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance.

The value of such orders under this subsection [in the fiscal year 1965] in each of the fiscal years 1966 and 1967 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for [programs described in section 505(b) of this chapter] *civic action requirements*, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries [in fiscal year 1965] for the fiscal years 1966 and 1967, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000 in each such fiscal year.

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PART III

CHAPTER 1.—GENERAL PROVISIONS

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SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than (1) the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

SEC. 605. RETENTION AND USE OF [ITEMS] *CERTAIN ITEMS AND FUNDS*.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

(c) *Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall be deposited into the Treasury as miscellaneous receipts.*

(d) *Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be deposited into the Treasury as miscellaneous receipts.*

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SEC. 611. COMPLETION OF PLANS AND COSTS ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I, II, and VI of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm

estimate of the cost of the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant **[.]**; and

(3) *unless the chief of the economic assistance mission in the recipient country has certified in writing within six months prior to the making of such agreement or grant that the recipient country has the capability to utilize effectively such assistance. In the event that such a certification cannot be made, the assistance may be furnished only upon specific advance approval by the Secretary of State (or, upon appropriate delegation of authority, by an Under Secretary or Assistant Secretary of State). The Secretary of State, or his delegate, shall make a complete report to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each such determination and approval and the reasons therefor.*

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962, with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. USE OF FOREIGN CURRENCIES.—(a) Except as otherwise provided in this Act and other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Education and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

[(c)] (b) Any Act of the Congress making appropriations to carry out programs under this or any other Act for United States operations

abroad is hereby authorized to provide for the utilization of United States-owned excess foreign currencies to carry out any such operations authorized by law.

【The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned excess foreign currencies are utilized, in lieu of dollars. As used in this subsection, the term "excess foreign currencies" means foreign currencies or credits owned by or owed to the United States which are, under applicable agreements with the foreign country concerned, available, for the use of the United States Government and are determined by the President to be excess to the normal requirements of departments and agencies of the United States for such currencies or credits and are not prohibited from use under this subsection by an agreement entered into with the foreign country concerned.】

The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case.

SEC. 613. ACCOUNTING, VALUATION, AND REPORTING AND ADMINISTRATION OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

(d) *In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories at a rate not less favorable than the highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries: Provided, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: Provided further, That the Secretary of State, or his delegate, shall promptly*

make a complete report to the Congress on each such determination and the reasons therefor.

* * * * *

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a)(1) No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

(3) No funds authorized to be made available under this Act (except under section 21) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

- (i) any items of economic assistance,
- (ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy material, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or
- (iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country

is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e) (1) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(A) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(B) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(C) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this

Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in subparagraphs (A), (B), or (C) of paragraph (1) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(2) Notwithstanding any other provision of law, no court in the United States shall decline on the ground of the federal act of state doctrine to make a determination on the merits giving effect to the principles of international law in a case in which a claim of title or other right to *property* is asserted by any part including a foreign state (or a party claiming through such state) based upon (or traced through) a confiscation or other taking after January 1, 1959, by an act of that state in violation of the principles of international law, including the principles of compensation and the other standards set out in this subsection: *Provided*, That this subparagraph shall not be applicable (1) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right to *property* acquired pursuant to an irrevocable letter of credit of not more than 180 days duration issued in good faith prior to the time of the confiscation or other taking, or (2) in any case with respect to which the President determines that application of the act of state doctrine is required in that particular case by the foreign policy interests of the United States and a suggestion to this effect is filed on his behalf in that case with the court [], or (3) in any case in which the proceedings are commenced after January 1, 1966].

(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,

Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics (including its captive constituent republics).

(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communists-bloc countries.

(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

(1) the United States,

(2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

(k) Until the enactment of the Foreign Assistance Act of 1965 or other general legislation, during the calendar year 1965, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

(l) No assistance shall be provided under this Act after [December 31, 1965] *June 30, 1967*, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during each fiscal year in an amount not to exceed \$500,000.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

* * * * *

SEC. 624. STATUTORY OFFICER.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, * * * [Repealed—1964]

(1) * * * [Repealed—1964]

(2) * * * [Repealed—1964]

(3) * * * [Repealed—1964] and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in [paragraph (3) of] subsection (a) of this section in the event of the absence, death, resignation, or disability [of the officers provided for in paragraphs (1) and (2) of that subsection] *of one or more of said officers.*

* * * * *

(d)(1) * * *

(2) * * *

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted by United States Government agencies under [Public Law 86-735] *the Latin American Development Act, as amended*, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

* * * * *

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or II of this Act, and [Public Law 86-735], *the Latin American Development Act, as amended*, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish

assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

* * * * *

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or II of this Act, and [Public Law 86-835] *the Latin American Development Act, as amended* and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: * * *

SEC. 625. EMPLOYMENT OF PERSONNEL.—

* * * * *

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances, and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointment or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of appointment or assignment exceeds thirty months: *Provided, further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe. *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to the assignment to such duty of more than [twenty] *thirty* persons at any one time.

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—

(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C.

55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$100 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, subject to section 201 of the Dual Compensation Act.

[(d)](c) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization, to reimburse the United States Government for compensation, travel expenses, *benefits* and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States

Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, *benefits* and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

(c) The President may appoint any United States citizen who is not an employee of the United States Government or may assign any United States citizen who is a United States Government employee to serve as Chairman of the Development Assistance Committee or any successor committee thereto of the Organization for Economic Cooperation and Development upon election thereto by members of said Committee, and, in his discretion, may terminate such appointment or assignment, notwithstanding any other provision of law. Such person may receive such compensation and allowances as are authorized by the Foreign Service Act of 1946, as amended, not to exceed those authorized for a chief of mission, class 2, within the meaning of said Act, as the President may determine. Such person may also, in the President's discretion, receive any other benefits and perquisites available under this Act to chiefs of special missions or staffs outside the United States established under this section.

(d) *In any case in which the cost of assistance programmed for any country under this Act for any fiscal year does not exceed \$1,000,000, such assistance shall be administered in such country under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II.*

* * * * *

SEC. 635. GENERAL AUTHORITIES.—* * *

(g) In making loans *and sales* under this Act, the President—

- (1) may issue letters of credit and letters of commitment;
- (2) may collect or compromise any obligations assigned to, or held by, any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;
- (3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities

may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations, and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.)

* * * * *

SEC. 636. PROVISIONS ON USES OF FUNDS.—

* * * * *

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under [section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)] *section 301 of the Dual Compensation Act (5 U.S.C. 3105)*, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the [Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes] *Latin American Development Act, as amended (22 U.S.C. 1942 et seq.)*, performed by the agency primarily responsible for administering part I.

* * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President [for the fiscal year 1965 not

to exceed \$52,500,000] for necessary administrative expenses of the agency primarily responsible for administering part I, \$55,240,000 for each of the fiscal years 1966 and 1967.

(b) There is hereby authorized to be appropriated such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended, or the Export-Import Bank Act of 1945, as amended. [; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended.]

SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for relief from famine or other natural disasters.

SEC. 640. MILITARY SALES.—Except as otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

- (1) Reorganization Plan Numbered 7 of 1953;
- (2) the Mutual Security Act of 1954, as amended (except sections [143,] 402, 408, 414, 417, 502(a), 502(b), 514, 523(d), and 536) [; Provided, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act];
- (3) section 12 of the Mutual Security Act of 1955;
- (4) sections 12, 13, and 14 of the Mutual Security Act of 1956;
- (5) section 503 of the Mutual Security Act of 1958;
- (6) section 108 of the Mutual Security Appropriation Act, 1959;
- (7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended, and
- (8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

* * * * *

SEC. 644. DEFINITIONS.—As used in this Act—

* * * * *

(g) “Excess defense articles” means the quantity of defense articles owned by the United States Government, *and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order*, which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations [as grant assistance] under this Act.

* * * * *

(m) “Value” means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. [Such price shall be the same standard price] *Such standard price shall be the same price (including authorized reduced prices) used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and*

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations under this Act, the contract of production costs of such articles.

Military assistance *and sales* programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency [by the military assistance program].

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended or [Public Law 86-735] *the Latin American Development Act, as amended*, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

* * * * *

PART IV

PROGRAMS FOR FISCAL YEARS BEGINNING AFTER JUNE 30, 1967

SEC. 701. TERMINATION OF EXISTING PROGRAMS.—Notwithstanding any other provision of law, no assistance shall be furnished pursuant to this Act or pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, or any extension thereof, to any country or area (or enterprise therein) subsequent to June 30, 1967.

SEC. 702. PROPOSALS FOR FUTURE PROGRAMS.—The President is requested to submit to the Congress, on or before July 1, 1966, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 703.

SEC. 703. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or after July 1, 1967, such proposals should include and be divided into the following separate and distinct categories:

(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

(b) The proposals referred to in subsection (a) should also provide that after June 30, 1967, the total number of countries receiving assistance referred to in paragraphs (2), (3), and (4), of subsection (a) should not exceed a total of fifty.

(c) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) should also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

(d) *The proposals referred to in subsection (a) should include recommendations as to (1) the extent to which assistance should be furnished multilaterally or bilaterally and (2) the extent to which it should be extended for programs or for specific projects.*

SEC. 704. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) *There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the "Committee") which shall consist of twelve members to be selected as follows:*

(1) Four members to be appointed by the President;

(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives

The Committee shall select a Chairman and Vice Chairman from among its members.

(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals referred to in section 703(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals.

(d) Members of the Committee appointed under subsection (a)(1) who are not otherwise employed by the United States shall be paid compensation at the rate of \$100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its

recommendations, and shall file its final report on or before January 3, 1967. Upon the filing of its final report, the Committee shall cease to exist.

(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of \$400,000, as the Committee deems necessary to enable it to carry out its functions.

SECTION 9 OF THE FOREIGN SERVICE BUILDINGS ACT, 1926, AS AMENDED

SEC. 9. The Secretary of State, when he finds it to be in the interest of the Government, is authorized to sell buildings and grounds acquired for the use of diplomatic and consular establishments in foreign countries *or for use in carrying out activities under Part I of the Foreign Assistance Act of 1961, as amended, in foreign countries*, and notwithstanding the provisions of any other law, the proceeds of such sales may be applied toward the purchase and construction, furnishing, and preservation of other properties, or held in the Foreign Service building fund: *Provided, however,* That the Secretary of State shall report all such transactions annually to the Congress with the Budget estimates of the Department of State.

SECTION 143 OF THE MUTUAL SECURITY ACT OF 1954, AS AMENDED

[SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.]



Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

[Report No. 170]

IN THE SENATE OF THE UNITED STATES

APRIL 28, 1965

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance Act
4 of 1965".

PART I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act of
8 1961, as amended, which relates to the statement of policy,
9 is amended as follows:

10 (a) Strike out the last sentence in the seventh para-
11 graph and substitute the following: "It is the sense of the

1 Congress that in furnishing assistance under this part excess
2 personal property shall be utilized wherever practicable in
3 lieu of the procurement of new items for United States-as-
4 sisted projects and programs. It is the further sense of the
5 Congress that assistance under this part shall be comple-
6 mented by the furnishing under any other Act of surplus
7 agricultural commodities and by disposal of excess personal
8 property under this and other Acts.”

9 (b) After the second sentence in the thirteenth para-
10 graph insert the following: “Congress further urges that the
11 United States and other free world nations place an increas-
12 ing portion of their assistance programs on a multilateral
13 basis and that the United States continue its efforts to im-
14 prove coordination among programs of assistance carried out
15 on a bilateral basis by free world nations.”

16 (c) Add at the end thereof the following new para-
17 graph:

18 “It is the sense of the Congress that assistance under this
19 or any other Act to any foreign country which hereafter per-
20 mits, or fails to take adequate measures to prevent, the dam-
21 age or destruction by mob action of United States property
22 within such country, should be terminated and should not be
23 resumed until the President determines that appropriate
24 measures have been taken by such country to prevent a re-
25 currence thereof.”

1 CHAPTER 2—DEVELOPMENT ASSISTANCE

2 TITLE I—DEVELOPMENT LOAN FUND

3 SEC. 102. Title I of chapter 2 of part I of the Foreign
4 Assistance Act of 1961, as amended, which relates to the
5 Development Loan Fund, is amended as follows:

6 (a) Amend section 202 (a), which relates to authori-
7 zation, as follows:

8 (1) In the first proviso, strike out “during the
9 above period”.

10 (2) In the second proviso, strike out “and June
11 30, 1966” and substitute “June 30, 1966, and June 30,
12 1967”.

13 (b) Amend section 205, which relates to the use of the
14 facilities of the International Development Association, to
15 read as follows:

16 “SEC. 205. USE OF INTERNATIONAL LENDING ORGA-
17 NIZATIONS.—In order to serve the purposes of this title and
18 the policy contained in section 619, the President, after
19 consideration of the extent of additional participation by
20 other countries, may make available, in addition to any other
21 funds available for such purposes, on such terms and condi-
22 tions as he determines, not to exceed 20 per centum of the
23 funds made available for this title to the International Devel-
24 opment Association, the International Bank for Reconstruc-
25 tion and Development, or the International Finance Corpo-

1 ration for use pursuant to the laws governing United States
2 participation in such institutions, if any, and the governing
3 statutes thereof and without regard to section 201 or any
4 other requirements of this or any other Act.”

5 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT
6 GRANTS

7 SEC. 103. Title II of chapter 2 of part I of the Foreign
8 Assistance Act of 1961, as amended, which relates to techni-
9 cal cooperation and development grants, is amended as fol-
10 lows:

11 (a) Amend section 212, which relates to authorization,
12 as follows:

13 (1) Strike out “for use beginning in the fiscal
14 year 1965”.

15 (2) Strike out “\$215,000,000 which” and substi-
16 tute “\$210,000,000 for use beginning in each of the
17 fiscal years 1966 and 1967, which sums”.

18 (b) Amend section 214, which relates to American
19 schools and hospitals abroad, as follows:

20 (1) Subsection (b) is hereby repealed effective
21 July 1, 1966.

22 (2) Amend subsection (c) by striking out “for
23 the fiscal year 1965, \$18,000,000, to” and substituting
24 “\$7,000,000 for use beginning in each of the fiscal
25 years 1966 and 1967, which sums shall”.

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

“The President may issue guaranties to eligible United States investors—”.

(2) In paragraph (1), strike out “\$2,500,000,000” and substitute “\$5,000,000,000”.

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out “, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000”.

(B) In the fourth proviso, strike out “1966” and substitute “1968”.

(b) Amend section 221 (c), which relates to general authority, by striking out “actual earnings or profits” and substituting “earnings or profits actually received”.

(c) Amend section 222 (b), which relates to general provisions, by inserting after “(exclusive of informational media guaranties),” the words “and to pay the costs of

1 investigating and adjusting (including costs of arbitration)
 2 claims under such guaranties.”.

3 (d) Amend section 223, which relates to definitions, as
 4 follows:

5 (1) In subsection (a), strike out “and” at the end
 6 thereof and in subsection (b) strike out the period and
 7 substitute “; and”.

8 (2) Add the following new subsection (c):

9 “(c) the term ‘eligible United States investors’
 10 means United States citizens, or corporations, partner-
 11 ships, or other associations created under the laws of the
 12 United States or any State or territory and substantially
 13 beneficially owned by United States citizens, as well as
 14 foreign corporations, partnerships, or other associations
 15 wholly owned by one or more such United States citi-
 16 zens, corporations, partnerships, or other associations:

17 *Provided*, That the eligibility of a foreign corporation
 18 shall be determined without regard to any shares, in
 19 aggregate less than 5 per centum of the total of issued
 20 and subscribed share capital, required by law to be held
 21 by persons other than the United States owners.”

22 (e) Amend section 224, which relates to housing proj-
 23 ects in Latin American countries, to read as follows:

24 “SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN

1 COUNTRIES.—(a) It is the sense of Congress that in order to
2 stimulate private home ownership and assist in the develop-
3 ment of stable economies in Latin America, the authority
4 conferred by this section should be utilized for the purpose
5 of assisting in the development in the American Republics of
6 self-liquidating pilot housing projects, the development of
7 institutions engaged in Alliance for Progress programs, the
8 construction of homes for lower income persons and families,
9 the increased mobilization of savings and the improvement
10 of housing conditions in Latin America.

11 “(b) To carry out the purposes of subsection (a), the
12 President is authorized to issue guaranties, on such terms
13 and conditions as he shall determine, to eligible United
14 States investors as defined in section 223 assuring against
15 loss of loan investments made by such investors in—

16 “(1) pilot or demonstration private housing proj-
17 ects in Latin America of types similar to those insured
18 by the Federal Housing Administration and suitable for
19 conditions in Latin America;

20 “(2) credit institutions in Latin America engaged
21 directly or indirectly in the financing of home mortgages;

22 “(3) housing projects in Latin America for lower
23 income families and persons, which projects shall be
24 constructed in accordance with maximum unit costs

1 established by the President for families and persons
2 whose incomes meet the limitations prescribed by the
3 President;

4 “ (4) housing projects in Latin America which will
5 promote the development of institutions important to
6 the success of the Alliance for Progress; or

7 “ (5) housing projects in Latin America 25 per
8 centum or more of the aggregate of the mortgage financ-
9 ing for which is made available from sources within
10 Latin America and has not derived from sources outside
11 Latin America, which projects shall, to the maximum
12 extent practicable, have a unit cost of not more than
13 \$6,500.

14 “ (c) The total face amount of guaranties issued under
15 this section outstanding at any one time shall not exceed
16 \$350,000,000: *Provided*, That no payment may be made
17 under this section for any loss arising out of fraud or miscon-
18 duct for which the investor is responsible: *Provided further*,
19 That this authority shall continue until June 30, 1968.”

20 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

21 SEC. 105. Section 232 of the Foreign Assistance Act of
22 1961, as amended, which relates to surveys of investment
23 opportunities, is amended by inserting after “\$2,100,000,”

1 the following: “and for use beginning in fiscal year 1967 to
2 carry out such purposes not to exceed \$2,100,000,”.

3 TITLE VI—ALLIANCE FOR PROGRESS

4 SEC. 106. Section 252 of the Foreign Assistance Act of
5 1961, as amended, which relates to the Alliance for Progress,
6 is amended as follows:

7 (a) In the first sentence, strike out “and 1966” and
8 substitute “1966, and 1967”; strike out “1964 and” and
9 substitute “1964,”; and after “fiscal year 1965” insert a
10 comma and the following: “and \$70,000,000 in each of the
11 fiscal years 1966 and 1967”.

12 (b) In the third sentence, strike out “and June 30,
13 1966” and substitute “, June 30, 1966, and June 30, 1967”.

14 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 15 AND PROGRAMS

16 SEC. 107. Chapter 3 of part I of the Foreign Assistance
17 Act of 1961, as amended, which relates to international
18 organizations and programs, is amended as follows:

19 (a) Amend section 301, which relates to general author-
20 ity, by adding the following new subsection:

21 “(d) Contributions to the International Secretariat for
22 Volunteer Services for the calendar year 1966 or any subse-

1 quent year shall not exceed 28 per centum of the total amount
2 contributed to such organization for such year.”

3 (b) Amend section 302, which relates to authorization,
4 as follows:

5 (1) Amend the first sentence by striking out “for the
6 fiscal year 1965” and substituting “for each of the fiscal
7 years 1966 and 1967”, and by striking out “\$134,272,400”
8 and substituting “\$146,455,000”.

9 (2) Strike out the second sentence.

10 CHAPTER 4—SUPPORTING ASSISTANCE

11 SEC. 108. Section 402 of the Foreign Assistance Act of
12 1961, as amended, which relates to supporting assistance, is
13 amended as follows:

14 (a) In the first sentence, strike out “in the fiscal
15 year 1965” and substitute “in each of the fiscal years
16 1966 and 1967”.

17 (b) In the first sentence, strike out “\$405,000,000,
18 which” and substitute “\$350,000,000 in each such fiscal
19 year, which sums”.

20 CHAPTER 5—CONTINGENCY FUND

21 SEC. 109. Section 451 (a) of the Foreign Assistance
22 Act of 1961, as amended, which relates to the contingency
23 fund, is amended by striking out “for the fiscal year 1965
24 not to exceed \$150,000,000” and substituting “for each

1 of the fiscal years 1966 and 1967 not to exceed \$50,000,000
2 in each such fiscal year”.

3 PART II

4 CHAPTER 2—MILITARY ASSISTANCE

5 SEC. 201. Chapter 2 of part II of the Foreign Assist-
6 ance Act of 1961, as amended, which relates to military
7 assistance, is amended as follows:

8 (a) Amend section 503 (b), which relates to general
9 authority, by striking out the words “in foreign countries”.

10 (b) Amend section 504 (a), which relates to authoriza-
11 tion, by striking out “in fiscal year 1965” and substituting
12 “in each of the fiscal years 1966 and 1967”, and by striking
13 out “\$1,055,000,000, which” and substituting “\$1,170,000,-
14 000 in each such fiscal year, which sums”.

15 (c) Amend section 505, which relates to utilization of
16 assistance, as follows:

17 (1) In subsection (a), strike out the colon and add the
18 following: “, or for the purpose of assisting foreign military
19 forces (or the voluntary efforts of personnel of the Armed
20 Forces of the United States) to construct public works and
21 to engage in other activities helpful to the economic and
22 social development of friendly countries. It is the sense
23 of the Congress that, insofar as practicable, such foreign
24 military forces should not be maintained or established solely

1 for civic action activities and that such civic action activities
2 not significantly detract from the capability of the military
3 forces to perform their military missions and be coordinated
4 with and form part of the total economic and social develop-
5 ment effort.”

6 (2) Strike out subsection (b) and redesignate the
7 proviso of subsection (a) as subsection (b).

8 (3) In redesignated subsection (b), strike out “*Pro-*
9 *vided*, That except” and substitute “Except”; strike out
10 “or (2)” and substitute “, or (2) for civic action assistance,
11 or (3)”.

12 (d) Amend section 507, which relates to sales, as
13 follows:

14 (1) In subsection (a), insert the following new sen-
15 tence between the second and third sentences: “Notwith-
16 standing the provisions of section 644 (m) (2), nonexcess
17 defense articles may be sold under this subsection at the
18 standard price in effect at the time such articles are offered
19 for sale to the purchasing country or international organi-
20 zation.”

21 (2) In subsection (b), strike out the period at the end
22 of the first proviso, substitute a colon and add the follow-
23 ing: “*Provided further*, That the President may, when he
24 determines it to be in the national interest, enter into sales
25 agreements with purchasing countries or international organi-

1 zations which fix prices to be paid by the purchasing coun-
2 tries or international organizations for the defense articles or
3 defense services ordered. Funds available under this part
4 for financing sales shall be used to reimburse the applicable
5 appropriations in the amounts required by the contracts which
6 exceed the price so fixed, except that such reimbursement
7 shall not be required upon determination by the President
8 that the continued production of the defense article being
9 sold is advantageous to the Armed Forces of the United
10 States. Payments by purchasing countries or international
11 organizations which exceed the amounts required by such con-
12 tracts shall be credited to the account established under
13 section 508."

14 (e) Amend section 508, which relates to reimburse-
15 ment, as follows:

16 (1) After "this part" the first time it appears, insert
17 "have been or".

18 (2) After "United States Government," the first time it
19 appears, insert "receipts received from the disposition of evi-
20 dences of indebtedness and charges (including fees and
21 premiums) or interest collected".

22 (3) Strike out "the current applicable appropriation"
23 and substitute "a separate fund account".

24 (4) Strike out "furnishing further military assistance on

1 cash or credit terms” and substitute “financing sales and
2 guaranties, including the overhead costs thereof”.

3 (f) Amend section 509 (b) , which relates to exchanges
4 and guaranties, by inserting “ (excluding contracts with any
5 agency of the United States Government)” in the second
6 sentence between the last word thereof and the period.

7 (g) Amend section 510 (a) , which relates to special au-
8 thority, as follows:

9 (1) In the first sentence strike out “fiscal year 1965”
10 and substitute “fiscal years 1966 and 1967”.

11 (2) In the second sentence, strike out “in the fiscal year
12 1965” and substitute “in each of the fiscal years 1966 and
13 1967”.

14 (h) Amend section 512, which relates to restrictions on
15 military aid to Africa, as follows:

16 (1) Strike out “programs described in section 505 (b)
17 of this chapter” and substitute “civic action requirements”.

18 (2) Strike out “in fiscal year 1965” and substitute “for
19 the fiscal years 1966 and 1967”.

20 (3) After “\$25,000,000” insert “in each such fiscal
21 year”.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out “Items” and substitute “Certain Items and Funds”.

(2) Add the following new subsections:

“(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall be deposited into the Treasury as miscellaneous receipts.

“(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the pur-

1 pose for which furnished shall be deposited into the Treasury
2 as miscellaneous receipts.”

3 (b) Amend section 611 (a), which relates to comple-
4 tion of plans and cost estimates, as follows:

5 (1) Strike out the period at the end of paragraph (2)
6 and substitute a semicolon and the word “and”.

7 (2) Add the following new paragraph (3) :

8 “(3) unless the chief of the economic assistance mission
9 in the recipient country has certified in writing within six
10 months prior to the making of such agreement or grant that
11 the recipient country has the capability to utilize effectively
12 such assistance. In the event that such a certification cannot
13 be made, the assistance may be furnished only upon specific
14 advance approval by the Secretary of State (or, upon appro-
15 priate delegation of authority, by an Under Secretary or
16 Assistant Secretary of State). The Secretary of State, or
17 his delegate, shall make a complete report to the Speaker of
18 the House of Representatives and to the Committee on For-
19 eign Relations and the Committee on Appropriations of the
20 Senate of each such determination and approval and the
21 reasons therefor.”

22 (c) Amend section 612, which relates to use of foreign
23 currencies, by redesignating subsection (c) as subsection

1 (b), and by striking out the second paragraph of such sub-
2 section and substituting the following:

3 “The President shall take all appropriate steps to assure
4 that, to the maximum extent possible, United States-owned
5 foreign currencies are utilized in lieu of dollars. Dollar funds
6 made available pursuant to this Act shall not be expended for
7 goods and services when United States-owned foreign cur-
8 rencies are available for such purposes unless the adminis-
9 trative official approving the voucher certifies as to the reason
10 for the use of dollars in each case.”

11 (d) Amend section 613, which relates to foreign cur-
12 rencies, as follows:

13 (1) Strike out the section heading and substitute the
14 following: “Accounting, Valuation, Reporting, and Admin-
15 istration of Foreign Currencies”.

16 (2) Add the following new subsection:

17 “(d) In cases where assistance is to be furnished to
18 any recipient country in furtherance of the purposes of this
19 or any other Act on a basis which will result in the accrual
20 of foreign currency proceeds to the United States, the Sec-
21 retary of the Treasury shall issue regulations requiring that
22 agreements, in respect of such assistance, include provisions

1 for the receipt of interest income on the foreign currency
2 proceeds deposited in authorized depositaries at a rate not
3 less favorable than the highest interest rate lawfully obtain-
4 able from the recipient country or agencies thereof in the
5 respective countries: *Provided*, That whenever the Secre-
6 tary of State determines it not to be in the national interest
7 to conclude arrangements for the receipt of interest income
8 he may waive the requirement thereof: *Provided further*,
9 That the Secretary of State, or his delegate, shall promptly
10 make a complete report to the Congress on each such deter-
11 mination and the reasons therefor.”

12 (e) Amend section 620, which relates to termination of
13 assistance to certain countries, as follows:

14 (1) Amend subsection (e) (2), which relates to the
15 act of state doctrine, by inserting after the words “other
16 right” each time they appear the words “to property”, and
17 by striking out “, or (3) in any case in which the proceed-
18 ings are commenced after January 1, 1966”.

19 (2) Amend subsection (1), which relates to termina-
20 tion of assistance to countries which fail to enter into agree-
21 ments to institute investment guaranty programs, by striking
22 out “December 31, 1965” and substituting “June 30, 1967”.

1 CHAPTER 2—ADMINISTRATIVE PROVISIONS

2 SEC. 302. Chapter 2 of part III of the Foreign Assist-
3 ance Act of 1961, as amended, which relates to administra-
4 tive provisions, is amended as follows:

5 (a) Amend section 624, which relates to statutory
6 officers, as follows:

7 (1) In subsection (b), strike out “paragraph (3)
8 of” and “of the officers provided for in paragraphs (1)
9 and (2) of that subsection”, and substitute for the
10 latter “of one or more of said officers”.

11 (2) In subsection (d), strike out “Public Law
12 86-735” wherever it appears and substitute “the Latin
13 American Development Act, as amended”.

14 (b) Amend section 625 (d), which relates to the em-
15 ployment of personnel, by striking out “twenty” in para-
16 graph (2) and substituting “thirty”.

17 (c) Amend section 626, which relates to experts, con-
18 sultants, and retired officers, by redesignating subsection (d)
19 as subsection (c).

20 (d) Amend section 630, which relates to terms of
21 detail or assignment, by inserting “benefits” after “travel
22 expenses,” in paragraphs (2) and (4).

1 (e) Amend section 631, which relates to missions and
2 staffs abroad, by adding the following new subsection:

3 “(d) In any case in which the cost of assistance pro-
4 grammed for any country under this Act for any fiscal year
5 does not exceed \$1,000,000, such assistance shall be ad-
6 ministered in such country under the direction of the Chief
7 of the United States Diplomatic Mission by the principal
8 economic officer of the mission in the case of assistance
9 under part I, and by the senior military officer of the mission
10 in the case of assistance under part II.”

11 (f) Amend section 635 (g), which relates to general
12 authorities, by inserting “and sales” after “loans” in the in-
13 troductory clause.

14 (g) Amend section 636, which relates to provisions on
15 uses of funds, as follows:

16 (1) In subsection (e), strike out “section 2 of the Act
17 of July 31, 1894, as amended (5 U.S.C. 62)” and substitute
18 “section 301 of the Dual Compensation Act (5 U.S.C.
19 3105)”.

20 (2) In subsection (f), strike out “Act to provide for
21 assistance in the development of Latin America and in the
22 reconstruction of Chile, and for other purposes” and sub-
23 stitute “Latin American Development Act, as amended”.

24 (h) Amend section 637 (a), which relates to administra-
25 tive expenses, by striking out “for the fiscal year 1965 not to

1 exceed \$52,500,000” and inserting after “part I” the words
2 “, \$55,240,000 for each of the fiscal years 1966 and 1967”.

3 (i) Amend section 638, which relates to Peace Corps
4 assistance, by striking out all beginning with “; or famine”
5 and substituting a period.

6 (j) Add the following new sections:

7 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
8 vision of this Act shall be construed to prohibit assistance to
9 any country for relief from famine or other natural disasters.

10 “SEC. 640. MILITARY SALES.—Except as otherwise
11 provided in part II of this Act, no provision of this Act shall
12 be construed to prohibit the sale, exchange, or the guaranty
13 of a sale, of defense articles or defense services to any friendly
14 country or international organization if the President shall
15 have found, pursuant to section 503, that the assisting of
16 such country or organization will strengthen the security of
17 the United States and promote world peace.”

18 CHAPTER 3—MISCELLANEOUS PROVISIONS

19 SEC. 303. Chapter 3 of part III of the Foreign Assist-
20 ance Act of 1961, as amended, which relates to miscellaneous
21 provisions, is amended as follows:

22 (a) Amend section 642 (a) (2), which relates to stat-
23 utes repealed, by striking out “143,” and all beginning with
24 “: *Provided*,” up to the semicolon.

1 (b) Amend section 644, which relates to definitions,
2 as follows:

3 (1) In subsection (g), insert “, and not procured in
4 anticipation of military assistance or sales requirements, or
5 pursuant to a military assistance or sales order,” after
6 “United States Government” and strike out “as grant
7 assistance”.

8 (2) In subsection (m) (2), strike out “Such price shall
9 be the same standard price” and substitute “Such standard
10 price shall be the same price (including authorized reduced
11 prices) ”.

12 (3) Amend the paragraph following the numbered para-
13 graph (3) in subsection (m) as follows:

14 (A) in the first sentence, insert “and sales” after
15 “Military assistance”.

16 (B) in the second proviso, strike out “by the mili-
17 tary assistance program”.

18 (c) Amend section 645, which relates to unexpended
19 balances, by striking out “Public Law 86-735” and substi-
20 tuting “the Latin American Development Act, as amended”.

21 SEC. 304. Section 9 of the Foreign Service Buildings
22 Act, 1926, as amended (22 U.S.C. 300), is amended by in-
23 serting after the words “foreign countries” the words “or
24 for use in carrying out activities under part I of the Foreign
25 Assistance Act of 1961, as amended, in foreign countries”.

PART IV

PROGRAMS FOR FISCAL YEARS BEGINNING AFTER

JUNE 30, 1967

SEC. 401. The Foreign Assistance Act of 1961, as amended, is amended by adding at the end thereof a new part IV to read as follows:

"PART IV

"PROGRAMS FOR FISCAL YEARS BEGINNING AFTER

JUNE 30, 1967

"SEC. 701. TERMINATION OF EXISTING PROGRAMS.—Notwithstanding any other provision of law, no assistance shall be furnished pursuant to this Act or pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, or any extension thereof, to any country or area (or enterprise therein) subsequent to June 30, 1967.

"SEC. 702. PROPOSALS FOR FUTURE PROGRAMS.—The President is requested to submit to the Congress, on or before July 1, 1966, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 703.

"SEC. 703. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In

1 the formulation and submission to the Congress of proposals
2 for foreign assistance for fiscal years beginning on or after
3 July 1, 1967, such proposals should include and be divided
4 into the following separate and distinct categories:

5 “(1) Assistance intended primarily for humani-
6 tarian purposes, including grants, loans, contributions,
7 or other aid to be made available for relief purposes
8 through international organizations or relief agencies,
9 or otherwise, famine relief and other assistance author-
10 ized by title II of the Agricultural Trade Development
11 and Assistance Act of 1954, as amended, and similar
12 relief programs.

13 “(2) Assistance for development purposes (A) to
14 be extended only to countries in which progress is being
15 made toward respect for the rule of law, freedom of ex-
16 pression and of the press, and recognition of the im-
17 portance of individual freedom, initiative, and private
18 enterprise; and (B) to be in furtherance of sound plans
19 for economic and social growth to the end of developing
20 the resources of the recipient countries to make them
21 self-sufficient at the earliest possible date.

22 “(3) Assistance for political or contingency pur-
23 poses, to be extended to a limited number of countries or
24 areas, primarily for purposes of advancing or protecting
25 the mutual interests of the United States and the other

1 countries or areas concerned, such as programs relating
2 to the creation of special relationships with recipient
3 countries, reinforcement of alliance-type relationships,
4 or other political or contingency purposes.

5 “(4) Military assistance to be furnished for pur-
6 poses that serve the military defense of the United States
7 as recommended by the Secretary of Defense, subject to
8 approval by the Secretary of State.

9 “(b) The proposals referred to in subsection (a) should
10 also provide that after June 30, 1967, the total number of
11 countries receiving assistance referred to in paragraphs (2),
12 (3), and (4), of subsection (a) should not exceed a total of
13 fifty.

14 “(c) In order to provide for better coordination of all
15 programs of United States assistance to foreign countries, and
16 for more efficient, economical, and effective administration
17 of such programs, the proposals referred to in paragraphs
18 (1), (2), and (3) of subsection (a) should also include
19 provisions for unification, insofar as practicable, of the admin-
20 istration of such programs under a single officer or agency.

21 “(d) The proposals referred to in subsection (a) should
22 include recommendations as to (1) the extent to which as-
23 sistance should be furnished multilaterally or bilaterally and
24 (2) the extent to which it should be extended for programs
25 or for specific projects.

1 “SEC. 704. TEMPORARY PLANNING COMMITTEE ES-
 2 TABLISHED.—(a) There is hereby created a Foreign Aid
 3 Planning Committee (hereinafter referred to as the ‘Com-
 4 mittee’) which shall consist of twelve members to be selected
 5 as follows:

6 “(1) Four members to be appointed by the
 7 President;

8 “(2) Four members of the Committee on Foreign
 9 Relations of the Senate, to be designated by the Vice
 10 President;

11 “(3) Four members of the Committee on Foreign
 12 Affairs of the House of Representatives, to be designated
 13 by the Speaker of the House of Representatives;

14 The Committee shall select a Chairman and Vice Chair-
 15 man from among its members.

16 “(b) It shall be the duty of the Committee (1) to make
 17 such studies and investigations as may be necessary to enable
 18 it to make recommendations to the President and to the Con-
 19 gress concerning the proposals referred to in section 703 (a),
 20 and (2) to provide the President, or such officer or agency as
 21 the President may designate, with such assistance as the
 22 President or such officer or agency may request in the for-
 23 mulation of such proposals.

24 “(c) The Committee is authorized to appoint and fix
 25 the compensation of such secretarial, clerical, and other staff

1 assistants as may be necessary to enable it to perform its
2 functions, and to procure, without regard to the civil service
3 laws and the Classification Act of 1949, as amended, tempo-
4 rary and intermittent services to the same extent as is au-
5 thorized for the departments by section 15 of the Act of
6 August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates
7 not to exceed \$100 per diem for individuals.

8 “(d) Members of the Committee appointed under sub-
9 section (a) (1) who are not otherwise employed by the
10 United States shall be paid compensation at the rate of
11 \$100 per diem while engaged in the work of the Commit-
12 tee, and shall be reimbursed for travel and other necessary
13 expenses incurred while so engaged, including per diem in
14 lieu of subsistence, as authorized by law (5 U.S.C. 73b-2)
15 for persons in the Government service employed inter-
16 mittently.

17 “(e) The Committee may, for the purpose of carrying
18 out the provisions of this section, hold such hearings and
19 sit and act at such times and places, administer such oaths,
20 and require by subpoena or otherwise the attendance and
21 testimony of such witnesses and the production of such
22 books, records, correspondence, memorandums, papers, and
23 documents as the Committee may deem advisable. Sub-
24 penas may be issued under the signature of the Chairman of
25 the Committee and may be served by any person designated

1 by the Chairman. The provisions of sections 102 to 104,
2 inclusive, of the Revised Statutes (2 U.S.C. 192-194),
3 shall apply in the case of any failure of any witness to comply
4 with any subpoena or to testify when summoned under
5 authority of this subsection.

6 “(f) Each department and agency of the Government
7 shall furnish to the Committee, upon its request, such infor-
8 mation or other assistance as may be necessary to enable it
9 to carry out its functions.

10 “(g) The Committee shall from time to time transmit
11 to the President, and to the Committee on Foreign Relations
12 of the Senate and the Speaker of the House of Representa-
13 tives, reports of its activities, including its recommendations,
14 and shall file its final report on or before January 3, 1967.
15 Upon the filing of its final report, the Committee shall cease
16 to exist.

17 “(h) There shall be made available to the Committee
18 out of sums appropriated pursuant to this Act such amounts,
19 not to exceed an aggregate of \$400,000, as the Committee
20 deems necessary to enable it to carry out its functions.”

1832

1870-1871

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[illegible]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

APRIL 28, 1965

Read twice and ordered to be placed on the calendar

H. R. 7750

IN THE HOUSE OF REPRESENTATIVES

June 10, 1910

For the purpose of providing for the better regulation of the commerce of the United States, and for other purposes.

A BILL

To amend the Act in Force in relation to the regulation of the commerce of the United States, and for other purposes.

1. That the Secretary of the Interior be and he is authorized to
2. That the Secretary of the Interior be and he is authorized to
3. That the Secretary of the Interior be and he is authorized to
4. That the Secretary of the Interior be and he is authorized to
5. That the Secretary of the Interior be and he is authorized to

Mr. [Name]

S. 1837

(Referred to the Committee)

A BILL

to [Title of Bill]

[Description of Bill]

[Additional Information]

[Closing Remarks]

H. R. 7750

APRIL 29, 1965

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Assistance
4 Act of 1965”.

CHAPTER 1—POLICY

11 “It is the sense of the Congress that assistance under

1 this or any other Act to any foreign country which here-
2 after permits, or fails to take adequate measures to prevent,
3 the damage or destruction by mob action of United States
4 property within such country, should be terminated and
5 should not be resumed until the President determines that
6 appropriate measures have been taken by such country to
7 prevent a recurrence thereof.”

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT 10 GRANTS

11 SEC. 102. Title II of chapter 2 of part I of the Foreign
12 Assistance Act of 1961, as amended, which relates to tech-
13 nical cooperation and development grants, is amended as
14 follows:

15 (a) Amend section 212, which relates to authorization,
16 by striking out “1965” and “\$215,000,000” and substitut-
17 ing “1966” and “\$210,000,000”, respectively.

18 (b) Amend section 214, which relates to American
19 schools and hospitals abroad, as follows:

20 (1) Amend subsection (b) by striking out “treat-
21 ment, education,” and substituting “education”.

22 (2) Amend subsection (c) by striking out “1965,
23 \$18,000,000” and substituting “1966, \$7,000,000”.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part 1 of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

“(b) The President may issue guaranties to eligible United States investors—”.

(2) In paragraph (1), strike out “\$2,500,000,000” and substitute “\$5,000,000,000”.

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out “, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000”.

(B) In the third proviso, immediately after “\$300,000,000” insert the following: “, and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$150,000,000”.

1 (C) In the fourth proviso, strike out “1966”
2 and substitute “1967”.

3 (b) Amend section 221 (c), which relates to general
4 authority, by inserting after the word “guaranty” the third
5 time it appears, the words “of an equity investment”.

6 (c) Amend section 222 (b), which relates to general
7 provisions, by inserting after “(exclusive of informational
8 media guaranties),” the words “and to pay the costs of in-
9 vestigating and adjusting (including costs of arbitration)
10 claims under such guaranties,”.

11 (d) Amend section 223, which relates to definitions,
12 as follows:

13 (1) In subsection (a), strike out “and” at the end
14 thereof and in subsection (b) strike out the period and
15 substitute “; and”.

16 (2) Add the following new subsection (c) :

17 “(c) the term ‘eligible United States investors’
18 means United States citizens, or corporations, partner-
19 ships, or other associations created under the laws of the
20 United States or any State or territory and substantially
21 beneficially owned by United States citizens, as well as
22 foreign corporations, partnerships, or other associations
23 wholly owned by one or more such United States citi-
24 zens, corporations, partnerships, or other associations:
25 *Provided*, That the eligibility of a foreign corporation

shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.”

(c) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

“SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

“(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

1 “(1) pilot or demonstration private housing proj-
2 ects in Latin America of types similar to those insured
3 by the Federal Housing Administration and suitable
4 for conditions in Latin America;

5 “(2) credit institutions in Latin America engaged
6 directly or indirectly in the financing of home mortgages,
7 such as savings and loan institutions;

8 “(3) housing projects in Latin America for lower
9 income families and persons, which projects shall be
10 constructed in accordance with maximum unit costs
11 established by the President for families and persons
12 whose incomes meet the limitations prescribed by the
13 President;

14 “(4) housing projects in Latin America which will
15 promote the development of institutions important to
16 the success of the Alliance for Progress, such as free
17 labor unions and cooperatives; or

18 “(5) housing projects in Latin America 25 per
19 centum or more of the aggregate of the mortgage financ-
20 ing for which is made available from sources within
21 Latin America and is not derived from sources outside
22 Latin America, which projects shall, to the maximum
23 extent practicable, have a unit cost of not more than
24 \$6,500.

25 “(c) The total face amount of guaranties issued under

1 this section outstanding at any one time shall not exceed
 2 \$450,000,000: *Provided*, That no payment may be made
 3 under this section for any loss arising out of fraud or mis-
 4 conduct for which the investor is responsible: *Provided*
 5 *further*, That this authority shall continue until June 30,
 6 1967.”

7 TITLE VI—ALLIANCE FOR PROGRESS

8 SEC. 104. Section 252 of the Foreign Assistance Act
 9 of 1961, as amended, which relates to the Alliance for Prog-
 10 ress, is amended by striking out “in fiscal year 1965” and
 11 substituting “in each of the fiscal years 1965 and 1966”.

12 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 13 AND PROGRAMS

14 SEC. 105. Chapter 3 of part II of the Foreign Assist-
 15 ance Act of 1961, as amended, which relates to interna-
 16 tional organizations and programs, is amended as follows:

17 (a) Amend section 301(c), which relates to assist-
 18 ance for Palestine refugees in the Near East, by adding at
 19 the end thereof the following: “Contributions by the United
 20 States to the United Nations Relief and Works Agency for
 21 Palestine Refugees in the Near East for the calendar year
 22 1966 shall not exceed \$15,200,000.”

23 (b) Amend section 302, which relates to authorization,
 24 by striking out “1965” and “\$134,272,400” and substitut-
 25 ing “1966” and “\$144,755,000”, respectively.

1 CHAPTER 4—SUPPORTING ASSISTANCE

2 SEC. 106. Section 402 of the Foreign Assistance Act
3 of 1961, as amended, which relates to supporting assistance,
4 is amended by striking out in the first sentence “1965” and
5 “\$405,000,000” and substituting “1966” and “\$369,200,-
6 000”, respectively.

7 CHAPTER 5—CONTINGENCY FUND

8 SEC. 107. Section 451 of the Foreign Assistance Act
9 of 1961, as amended, which relates to the contingency fund,
10 is amended as follows:

11 (a) Amend subsection (a) as follows:

12 (1) Strike out “1965” and “\$150,000,000” and
13 substitute “1966” and “\$50,000,000”, respectively.

14 (2) Add the following new sentence: “In addi-
15 tion, there is hereby authorized to be appropriated to
16 the President for use in Southeast Asia such sums as
17 may be necessary in the fiscal year 1966 for programs
18 authorized by parts I and II of this Act in accordance
19 with the provisions applicable to such programs if he
20 determines such use to be important to the national
21 interest: *Provided*, That the President shall present to
22 the Committee on Foreign Relations of the Senate and
23 the Speaker of the House of Representatives the pro-
24 grams to be carried out from funds requested by the

President to be appropriated under authority of this sentence.”

(b) Amend subsection (b) by striking out “this section” and substituting “the first sentence of subsection (a)”.

Part II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 503 (b), which relates to general authority, by striking out the words “in foreign countries”.

(b) Amend section 504, which relates to authorization, by striking out “1965” and “\$1,055,000,000” in the first sentence and substituting “1966” and “\$1,170,000,000”, respectively.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: “, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities

1 helpful to the economic development of such friendly
2 countries. It is the sense of the Congress that such
3 foreign military forces should not be maintained or estab-
4 lished solely for civic action activities and that such
5 civic action activities not significantly detract from the
6 capability of the military forces to perform their military
7 missions and be coordinated with and form part of the
8 total economic development effort.”

9 (2) Strike out subsection (b) and redesignate the
10 proviso of subsection (a) as subsection (b).

11 (3) In redesignated subsection (b), strike out
12 “*Provided, That except*” and substitute “*Except*”;
13 strike out “or (2)” and substitute “, or (2) for civic
14 action assistance, or (3)”.

15 (d) Amend section 507, which relates to sales, as
16 follows:

17 (1) In subsection (a), insert the following new
18 sentence between the second and third sentences:
19 “Notwithstanding the provisions of section 644 (m) (2),
20 nonexcess defense articles may be sold under this sub-
21 section at the standard price in effect at the time such
22 articles are offered for sale to the purchasing country or
23 international organization.”

24 (2) In subsection (b), strike out the period at the
25 end of the first proviso, substitute a colon and add the

1 following: "*Provided further*, That the President may,
2 when he determines it to be in the national interest,
3 enter into sales agreements with purchasing countries
4 or international organizations which fix prices to be
5 paid by the purchasing countries or international orga-
6 nizations for the defense articles or defense services
7 ordered. Funds available under this part for financing
8 sales shall be used to reimburse the applicable appro-
9 priations in the amounts required by the contracts which
10 exceed the price so fixed, except that such reimburse-
11 ment shall not be required upon determination by the
12 President that the continued production of the defense
13 article being sold is advantageous to the Armed Forces
14 of the United States. Payments by purchasing coun-
15 tries or international organizations which exceed the
16 amounts required by such contracts shall be credited
17 to the account established under section 508. To the
18 maximum extent possible, prices fixed under any such
19 sales agreement shall be sufficient to reimburse the
20 United States for the cost of the defense articles or de-
21 fense services ordered. The President shall submit to
22 the Congress promptly a detailed report concerning any
23 fixed-price sales agreement under which the aggregate
24 cost to the United States exceeds the aggregate amount .

1 required to be paid by the purchasing country or inter-
2 national organization.”

3 (e) Amend section 508, which relates to reimbursement
4 as follows:

5 (1) After “this part” the first time it appears, in-
6 sert “have been or”.

7 (2) After “United States Government,” the first
8 time it appears insert “receipts received from the disposi-
9 tion of evidences of indebtedness and charges (including
10 fees and premiums) or interest collected”.

11 (3) Strike out “the current applicable appropria-
12 tion” and substitute “a separate fund account”.

13 (4) Strike out “furnishing further military assist-
14 ance on cash or credit terms” and substitute “financing
15 sales and guaranties, including the overhead costs
16 thereof”.

17 (f) Amend section 509 (b) , which relates to exchanges
18 and guaranties, by inserting “(excluding contracts with any
19 agency of the United States Government)” in the second
20 sentence between the last word thereof and the period.

21 (g) Amend section 510, which relates to special author-
22 ity, as follows:

23 (1) In subsection (a) , strike out “1965” each
24 place it appears and substitute in each such place
25 “1966”.

(2) In subsection (b), strike out “to the President”.

(h) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out “programs described in section 505 (b) of this chapter” and substitute “civic action requirements”.

(2) Strike out “1965” and substitute “1966”.

Part III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out “ITEMS” and substitute “CERTAIN ITEMS AND FUNDS”.

(2) Add the following new subsections:

“(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective

1 appropriation, fund, or account used to finance such trans-
2 action or to the appropriation, fund, or account currently
3 available for the same general purpose.

4 “(d) Funds realized by the United States Government
5 from the sale, transfer, or disposal of defense articles returned
6 to the United States Government by a recipient country or
7 international organization as no longer needed for the pur-
8 pose for which furnished shall be credited to the respective
9 appropriation, fund, or account used to procure such defense
10 articles or to the appropriation, fund, or account currently
11 available for the same general purpose.”

12 (b) Amend section 612, which relates to use of foreign
13 currencies, by redesignating subsection (c) as subsection
14 (b).

15 (c) Amend section 620, which relates to prohibitions
16 against furnishing assistance to Cuba and certain other
17 countries, as follows:

18 (1) Amend the section heading to read as follows:

19 “PROHIBITIONS AGAINST FURNISHING ASSIST-
20 ANCE.—”.

21 (2) In paragraph (2) of section 620 (e), which
22 relates to the application of the federal act of state doc-
23 trine, strike out “January 1, 1966” and substitute
24 “January 1, 1967”.

25 (3) In section 620 (1), which relates to the pro-

hibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsection:

"(n) Until the President determines that North Vietnam has ceased all efforts to overthrow the Government of South Vietnam, no funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

1 “(iii) any other equipment, materials, or com-
2 modities; and

3 “(B) to prevent ships or aircraft under its registry
4 from transporting any equipment, materials, or com-
5 modities from North Vietnam.”

6 CHAPTER 2—ADMINISTRATIVE PROVISIONS

7 SEC. 302. Chapter 2 of part III of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to administra-
9 tive provisions, is amended as follows:

10 (a) Amend section 622, which relates to coordination
11 with foreign policy, as follows:

12 (1) In subsection (b), immediately after “military
13 assistance” insert “(including any civic action and sales
14 program)”.

15 (2) In subsection (c), immediately after “military
16 assistance program” insert “(including any civic action
17 and sales program)”.

18 (b) Amend section 624, which relates to statutory
19 officers, as follows:

20 (1) In subsection (b), strike out “paragraph (3)
21 of” and “of the officers provided for in paragraphs (1)
22 and (2) of that subsection”, and substitute for the latter
23 “of one or more of said officers”.

24 (2) In subsection (d), strike out “Public Law

86-735" wherever it appears and substitute "the Latin American Development Act, as amended".

(c) Amend section 625 (d), which relates to the employment of personnel, by striking out "twenty" in paragraph (2) and substituting "fifty".

(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

(e) Amend section 630, which relates to terms of detail or assignment, by inserting "benefits" after "travel expenses", in paragraphs (2) and (4).

(f) Amend section 635 (g), which relates to general authorities, by inserting "and sales" after "loans" in the introductory clause.

(g) Amend section 636, which relates to provisions on uses of funds, as follows:

(1) In subsection (e), strike out "section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)" and substitute "section 301 of the Dual Compensation Act (5 U.S.C. 3105)".

(2) In subsection (f), strike out "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other pur-

1 poses” and substitute “Latin American Development
2 Act, as amended”.

3 (h) Amend section 637 (a), which relates to adminis-
4 trative expenses, by striking out “1965” and “\$52,500,000”
5 and substituting “1966” and “\$53,240,000”, respectively.

6 (i) Amend section 638, which relates to Peace Corps
7 assistance, by striking out all beginning with “; or famine”
8 and substituting a period.

9 (j) Add the following new section 639:

10 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
11 vision of this Act shall be construed to prohibit assistance
12 to any country for famine or disaster relief.”

13 CHAPTER 3—MISCELLANEOUS PROVISIONS

14 SEC. 303. Chapter 3 of part III of the Foreign Assist-
15 ance Act of 1961, as amended, which relates to miscellaneous
16 provisions, is amended as follows:

17 (a) Amend section 642 (a) (2), which relates to stat-
18 utes repealed, by striking out “143,” and all beginning with
19 “: *Provided*,” up to the semicolon.

20 (b) Amend section 644, which relates to definitions,
21 as follows:

22 (1) In subsection (g), insert “, and not procured
23 in anticipation of military assistance or sales require-
24 ments, or pursuant to a military assistance or sales

1 order,” after “United States Government” and strike
2 out “as grant assistance”.

3 (2) In subsection (m) (2), strike out “Such price
4 shall be the same standard price” and substitute “Such
5 standard price shall be the same price (including au-
6 thorized reduced prices)”.

7 (3) Amend the paragraph following the numbered
8 paragraph (3) in subsection (m) as follows:

9 (A) In the first sentence, insert “and sales”
10 after “Military assistance”.

11 (B) In the second proviso, strike out “by the
12 military assistance program”.

13 (c) Amend section 645, which relates to unexpended
14 balances, by striking out “Public Law 86-735” and sub-
15 stituting “the Latin American Development Act, as
16 amended”.

17 CHAPTER 4—AMENDMENT TO THE AGRICUL-
18 TURAL TRADE DEVELOPMENT AND ASSIST-
19 ANCE ACT OF 1954

20 SEC. 401. Section 107 of the Agricultural Trade Devel-
21 opment and Assistance Act of 1954 is amended by adding at
22 the end thereof the following new paragraph:

23 “No sale under title I of this Act shall be made to the
24 United Arab Republic unless the President determines that

1 such sale is essential to the national interest of the United
2 States. No such sale shall be based on the requirements of
3 the United Arab Republic for more than one fiscal year.
4 The President shall keep the Foreign Relations Committee
5 and the Appropriations Committee of the Senate and the
6 Speaker of the House of Representatives fully and currently
7 informed with respect to sales made to the United Arab
8 Republic under title I of this Act.”

89TH CONGRESS
1ST Session

H. R. 7750

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

APRIL 29, 1965

Referred to the Committee on Foreign Affairs

A BILL

to amend the Act relating to the

of the

of the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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May 5, 1965

May 4, 1965

89th-1st; No. 79

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HIGHLIGHTS: House Rules Committee cleared International Coffee Agreement bill.
House committee voted to report foreign aid bill. House passed Labor-HEW appropri-
ation bill. Reps. Findley and Dent inserted items critical of farm program.
Sen. Hartke introduced and discussed bill to broaden FHA emergency loans.

HOUSE

1. COFFEE. The Rules Committee reported a resolution for consideration of S. 701, to implement the International Coffee Agreement. pp. 9067, 9112
2. DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1966. Passed as reported this bill, H. R. 7765 (pp. 9042-67). The bill includes funds for air and water pollution control activities by HEW.

3. FOREIGN AID. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 7750, the foreign aid authorization bill. p. D352
Rep. Erlenborn criticized the foreign aid program and urged an investigation "into all activities of AID and AID reports to the Congress." pp. 9085-6
4. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments H. R. 237, to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project (H. Rept. 282). p. 9112
5. FARM PROGRAM. Reps. Findley and Dent inserted items critical of the farm program. pp. 9098-9100, 9106-7
Rep. Andrews, N. Dak., urged additional efforts "to build a stronger agricultural economy for North Dakota." p. 9097
6. FARM LABOR. Rep. Cederberg stated there was a farm labor "crisis" in Mich. and urged the Department of Labor to take steps to assure additional workers for the harvesting of crops in the State. p. 9100
7. SMALL BUSINESS. Rep. Evins commended the observance of Small Business Week and the work of the Small Business Administration. pp. 9086-90
8. FOREIGN TRADE. Rep. Saylor inserted "the fifth of a series of documents demonstrating how foreign governments give preference to their own industry and labor in negotiating contracts for public works projects." pp. 9090-7
9. PERSONNEL; MANPOWER. Rep. Henderson commended Federal agencies for recent improvements in manpower management. p. 9111
10. AREA REDEVELOPMENT. Received from GAO reports on "overstatement of job opportunities estimated to be created in economically depressed area, Area Redevelopment Administration," and "possible need for clarification of statutory provision limiting the amount of Federal financial assistance to industrial or commercial projects, Area Redevelopment Administration." p. 9112

SENATE

11. COTTON. Sen. Russell, S.C., inserted a S. C. Legislature resolution urging Congress to "extend the one-price cotton program for the seasons of 1966 and 1967." p. 8966-7
12. ECONOMIC DEVELOPMENT. Sen. Randolph submitted an amendment to S. 1648, the proposed Public Works and Economic Development Act of 1965 which would "increase the authorization for public works matching funds from \$250 million annually to \$500 million." p. 8983
13. UNDER SECRETARY. Sen. Ervin commended Under Secretary Murphy "for his fine record and for his dedication as a public servant." pp. 8986-87
14. RESOURCE DEVELOPMENT. Sen. Bible inserted and commended an address by the president of the National Reclamation Association in which he discussed the participation of States and counties in utilization of natural resources and commended the Water Resources Research Act of 1964 and the Land and Water Conservation Fund Act of 1964. pp. 8998-9000

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House committee reported (on May 7) foreign aid bill. Sen. Yarborough inserted President's speech before REA convention. Sen. Clark inserted Sen. McGovern's speech favoring limited agricultural trade with Red China. Rep. Stalbaum introduced and discussed bill to expand food donation program.

SENATE

1. WOOL. The Commerce Committee reported with amendment S. 836, to amend the Wool Products Labeling Act of 1939 so as to authorize the Federal Trade Commission to exclude from the provisions of that act wool products with respect to which the disclosure of wool fiber content is not necessary for the protection of the consumer (S. Rept. 186). p. 9664
2. INTERNATIONAL MONETARY FUND. The Foreign Relations Committee voted to report (but did not actually report) without amendment H. R. 6497, authorizing an increase of \$1.035 billion in the International Monetary Fund quota of the U. S. p. D374
3. AIR POLLUTION. The Special Subcommittee on Air and Water Pollution of the Public Works Committee approved for full committee consideration with amendments S. 306, to amend the Clean Air Act so as to require standards for

controlling the emission of pollutants from gasoline-powered or diesel-powered vehicles and to establish a Federal Air Pollution Control Laboratory. p. D374

4. ELECTRIFICATION. Sen. Yarborough inserted the President's speech before the Rural Electrification Association convention commending the rural electrification program. p. 9678
5. FOREIGN TRADE. Sen. Clark inserted Sen. McGovern's speech favoring limited trade with Red China, including the sale of wheat and other surplus crops. pp. 9710-11
Sen. Javits spoke in support of expanded East-West trade in nonstrategic goods and inserted an article in support of his position. pp. 9718-20
6. PERSONNEL. Sen. Case commended the President's Executive order prescribing standards of ethical conduct for Federal employees. p. 9675
7. FOREIGN AFFAIRS. Sen. Clark inserted the President's speech reviewing foreign policy on the 20th anniversary of the end of World War II. pp. 9707-8
8. DISASTER RELIEF. Sen. McCarthy inserted Minn. Governor Rolvaag's letter commending Federal, State, and local efforts in flood disaster relief in Minn. pp. 9712-3

HOUSE

9. FOREIGN AID. The Foreign Affairs Committee reported without amendment H. R. 7750, the foreign aid authorization bill (H. Rept. 321). p. 9659
Rep. Matsunaga stated "any way you look at it, our foreign aid program means a lot of business for American business and industry today." pp. 9633-4
10. HEALTH. By a vote of 333 to 4, passed as reported H. R. 2984, to amend the Public Health Service Act provisions for construction of health research facilities. Rejected an amendment by Rep. Gross which would have deleted provisions for three additional Assistant Secretaries of Health, Education, and Welfare. pp. 9615-26
11. FOREIGN TRADE. Rep. Pelly criticized the proposed organization of a nationwide boycott of Japanese goods. p. 9627
Rep. Curtis inserted the text of his letter to Sen. Sparkman expressing concern "about the relationship of a Latin American Common Market to other world trading groups and to the General Agreement on Tariffs on Trade." pp. 9630-1
Rep. Saylor inserted a "study of foreign governments' purchasing practices" dealing with the Latin American countries. pp. 9635-43
12. PUBLIC LAW 480. Received from this Department a "report on title I, Public Law 480 agreements signed during April 1965." p. 9659
13. PERSONNEL. Received from the Civil Service Commission proposed legislation to terminate cost-of-living allowances for statutory-salaried Federal civilian employees in non-foreign areas. p. 9659
14. TEXTILES; LABELING. The Interstate and Foreign Commerce committee reported with amendment H. R. 806, to amend the Textile Fiber Products Identification Act to permit the listing on labels of certain fibers constituting less than 5 percent of a textile fiber product (H. Rept. 328). p. 9659

FOREIGN ASSISTANCE ACT OF 1965

REPORT
OF THE
COMMITTEE ON FOREIGN AFFAIRS
ON
H.R. 7750

TO AMEND FURTHER THE
FOREIGN ASSISTANCE ACT OF 1961,
AS AMENDED, AND FOR OTHER PURPOSES



May 7, 1965.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1965

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FOREIGN ASSISTANCE ACT OF 1965

MAY 7, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H.R. 7750]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTION

COMMITTEE ACTION

A message from the President relative to foreign aid (H. Doc. 53, 89th Cong.) was received by Congress and referred to the Committee on Foreign Affairs on January 14, 1965.

The committee held 32 sessions of hearings extending over a period of 2 months on the draft proposal to amend the Foreign Assistance Act of 1961, as amended, and to provide funds for fiscal year 1966, and devoted 7 sessions to the markup of the bill.

During its consideration of the foreign aid request for fiscal year 1966, the committee heard a total of 59 witnesses, including 26 public witnesses. Among the 32 executive branch witnesses were the Secretary of State; the Secretary of Defense; the Administrator of the Agency for International Development; the regional Assistant Secretaries of State and Assistant Administrators of AID for Africa, the Inter-American Affairs, the Near East and South Asia, and the Far East; and the Assistant Secretary of State for International Organization Affairs. In addition, the committee heard testimony from and questioned the following concerning the requirements for the military assistance program: Gen. Earle G. Wheeler, U.S. Army, Chairman,

Joint Chiefs of Staff; Gen. Lyman L. Lemnitzer, Supreme Allied Commander, Europe; Lt. Gen. Bruce K. Holloway, U.S. Army, Deputy U.S. Commander in Chief, Middle East, Africa South of the Sahara, and South Asia; Adm. U. S. G. Sharp, U.S. Navy, Commander in Chief, Pacific; Gen. Andrew P. O'Meara, U.S. Army, commander in chief, Southern Command; Gen. Robert J. Wood, Director of Military Assistance, Office of the Assistant Secretary of Defense for International Security Affairs, and regional directors of military assistance for Africa, Europe, the Western Hemisphere, the Far East, and the Near East and South Asia.

The committee also had the benefit of information presented by public organizations and individuals, including the Chamber of Commerce of the United States, the International Economic Policy Association, the League of Women Voters, Citizens Foreign Aid Committee, American Association of University Women, Liberty Lobby, Citizens Committee for UNICEF, the National Congress of Parents and Teachers, American Farm Bureau, National Farmers Union, the AFL-CIO, Cooperative League of the U.S.A., the National Council of Churches of Christ in the U.S.A., Americans for Democratic Action, and American Institute for Free Labor Development.

The committee also heard testimony from the Attorney General of the United States as well as four professors of law concerning the provision in the law (section 620(e)), adopted in 1964, which relates to the application of the federal act of state doctrine.

The Committee on Foreign Affairs thereafter considered the draft bill in executive session on April 6, 8, 13, 14, 27, 28, and 29. On April 29 the bill, H.R. 7750, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, was introduced by Hon. Thomas E. Morgan, chairman, Committee on Foreign Affairs, and on May 4, the bill was ordered favorably reported without amendment.

FUNDS AUTHORIZED

H.R. 7750 authorizes the appropriation of \$2,004,195,000 for the foreign assistance programs for fiscal 1966. This new authorization, together with funds previously authorized, as shown in the table following, provides authority for the appropriation of \$3,367,670,000 for fiscal year 1966. This is a reduction of \$12,700,000 below the amount requested by the President.

*Table on foreign assistance appropriation requests and authorizations
for fiscal year 1966*

[In thousands]

	Fiscal year 1965 appropriation	Fiscal year 1966 appro- priation request (H. Doc. 53)	Fiscal year 1966 new authori- zation request	House committee new authori- zation recommendations
Pt. I:				
Ch. 2, development assistance:				
Title I, Development Loan Fund: Sec. 202(a), authorization.....	\$773,727.6	\$780,250.0	(1)	(1)
Title II, technical cooperation and development grants: Sec. 212, authorization.....	204,600.0	210,000.0	\$210,000.0	\$210,000.0
Title II, American schools and hospitals abroad: Sec. 214(c), authorization.....	16,800.0	7,000.0	7,000.0	7,000.0
Title IV, surveys of investment opportunities: Sec. 232, authorization.....	1,600.0			
Title VI, Alliance for Progress: Sec. 252, authorization:				
Loans.....	425,000.0	495,125.0	(2)	(2)
Grants.....	84,700.0	85,000.0	(2)	(2)
Ch. 3, international organizations and programs:				
Sec. 302, authorization.....	134,272.4	155,455.0	155,455.0	144,755.0
Ch. 4, supporting assistance: Sec. 402, authorization.....	401,000.0	369,200.0	369,200.0	369,200.0
Ch. 5, Contingency fund: Sec. 451(a), authorization.....	99,200.0	50,000.0	³ 50,000.0	50,000.0
Pt. II: Ch. 2, military assistance: Sec. 504(a), authorization.....	1,055,000.0	1,170,000.0	1,170,000.0	1,170,000.0
Pt. III: Ch. 2, administrative provisions:				
Sec. 637(a), administrative expenses (AID).....	51,200.0	55,240.0	55,240.0	53,240.0
Sec. 637(b), administrative expenses (State).....	2,900.0	3,100.0	(4)	(4)
Total.....	3,250,000.0	3,380,370.0	2,016,895.0	2,004,195.0

¹ Previously authorized \$1,500,000,000 for fiscal year 1965 and for fiscal year 1966.

² Previously authorized \$600,000,000 for fiscal year 1965 and for fiscal year 1966, of which \$85,000,000 was requested for grants.

³ In addition, the President is "requesting a special standby authorization for use if necessary in Vietnam only." No amount specified.

⁴ Previously authorized such amounts as may be necessary from time to time.

DURATION AND STRUCTURE

The committee is reporting H.R. 7750 after comprehensive hearings and careful study. We have noted with interest current discussions of the desirability of terminating the foreign assistance program in 1967 and of undertaking another comprehensive survey of foreign aid and U.S. foreign policy.

While the committee recognizes that the foreign aid program can be further improved and while we hope for an improvement in the world situation by 1967, we cannot agree that it would be desirable, or possible, to terminate the program in the near future. Nor do we believe that it is advisable to establish a commission, no matter how distinguished its membership, to undertake still another survey of foreign aid.

The fact is that many surveys have been made over a period of years. That no new approach has been developed as the result of any of these inquiries indicates the complexity of the problems faced rather than a lack of perception or analytical ability. The committee believes, therefore, that the basic structure of our foreign aid program is sound and should not be drastically revised.

None of these surveys nor the executive branch has recommended a dramatic departure from the program as it currently is structured. The House Foreign Affairs Committee has conducted a continuous review and analysis of our foreign aid. It has concluded that the military supporting assistance and economic portions of the program

are interdependent. In the opinion of the committee, they cannot be divided without the prospect of some harm being done the overall program and our foreign policy.

For almost two decades the United States has provided economic and military assistance to foreign countries. Foreign aid has become a major factor in the conduct of our Nation's foreign policy. Through our aid programs, we have sought to contain the march of world communism and to assist the underdeveloped countries to economic viability.

President Johnson has said so aptly that foreign assistance offers "strength to those who would be free; hope for those who would otherwise despair; progress for those who would help themselves."

The duration of the program, the kinds of assistance we provide, and the amount we spend will depend on the progress made in coping with the Communist menace and bringing economic and sociopolitical stability in the less developed countries. At the same time, however, the emphasis and direction of our foreign assistance program will not be without change. Our program has been and must continue to be responsive to changes in world conditions.

PIPELINE

The size of the unexpended balances in the foreign assistance program continues to engage the attention of its critics. They argue that the larger these balances, the less necessary it is to appropriate new money. This interpretation omits a consideration of what is involved in the term "unexpended balances," usually called the pipeline. Briefly, such balances are funds that have been obligated for goods and services on order but not yet delivered. When delivery is made, payments must be met from funds previously appropriated.

Over the past 6 years increased emphasis has been placed on loans rather than grants. This change has resulted in a buildup of the pipeline. A loan is obligated when an agreement is entered into with the borrowing country. But expenditures against that loan are made only against deliveries which, in the case of large projects, may run over a number of years. Hence there is a lag between obligations and expenditures. The following table indicates the unexpended balances for the foreign assistance program—military and nonmilitary but excluding investment guaranty programs—at the end of each fiscal year since 1950.

*Unexpended balances, foreign assistance program, military and nonmilitary¹
including Alliance for Progress but excluding investment guaranties*

[In billions]

1950-----	\$3. 5	1955-----	\$7. 9	1960-----	\$4. 8
1951-----	7. 1	1956-----	6. 4	1961-----	6. 0
1952-----	9. 9	1957-----	6. 1	1962-----	6. 6
1953-----	10. 1	1958-----	5. 3	1963-----	6. 8
1954-----	9. 6	1959-----	4. 8	1964-----	6. 3
				1965 (estimated) --	6. 2

¹ Excludes \$200,000,000 public debt funds and fees for the investment guaranty program.

To buttress their arguments that new funds are not necessary or can be drastically reduced, some opponents point to other programs financed by the United States that make funds available for foreign assistance. Chief among these are loans by the Export-Import Bank and the proceeds derived from sales of surplus agricultural commodities. These latter programs have a foreign policy objective which should not be confused with those carried out under the Foreign Assistance Act. They complement the latter but are not a substitute for them. In drawing up the money request for the foreign assistance programs the Executive takes into account these other sources of financing. The basic legislation under which each of the other programs is carried out falls within the jurisdiction of other committees. These programs limit the uses which may be made of unexpended balances arising from those programs. The funds authorized and appropriated for the foreign assistance program provide the principal means of financing our cold war strategy. No other program provides the funds necessary to meet the costs of the varied approaches encompassed in the foreign assistance program to carry out this strategy.

An examination of the annual budget of the President indicates that unexpended balances are not peculiar to the foreign assistance program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Unexpended balances—Military assistance program compared with Department of Defense

[In billions]

	Military assistance	Department of Defense (military functions)		Military assistance	Department of Defense (military functions)
1950.....	\$1.3	\$9.8	1958.....	\$3.4	\$32.1
1951.....	5.5	38.1	1959.....	2.5	31.7
1952.....	8.4	59.5	1960.....	2.3	30.7
1953.....	8.5	62.1	1961.....	2.6	28.7
1954.....	7.8	55.0	1962.....	2.8	29.2
1955.....	6.2	45.3	1963.....	2.4	30.3
1956.....	4.6	37.5	1964.....	2.0	30.2
1957.....	4.2	34.6	1965 (estimated).....	1.9	30.7

The foreign assistance program is criticized for having not only large unexpended balances but also sizable unobligated balances. The argument runs that the Executive has asked for, and the Congress has voted, more money than can be used. This accusation rests on the theory that money appropriated must be spent before new money is appropriated. The committee has examined closely the justification for new funds for each of the programs financed under the Foreign Assistance Act. It is convinced that if the program is to move forward, these funds are necessary.

The dimensions of the unobligated and unexpended balances of the foreign assistance program can be better appreciated by comparison with similar balances of other agencies of the Government. The following figures covering the Department of Defense, the Department of Agriculture, the foreign assistance program, and all other Government agencies are also taken from the budget of the President.

Unexpended and unobligated balances

[In billions]

	Department of Defense (military functions)	Foreign assist- ance	Depart- ment of Agricul- ture	All others	Total
Unexpended, June 30, 1956-----	\$37.5	\$6.6	\$2.0	\$26.7	\$72.8
Unobligated/unreserved, June 30, 1956-----	12.7	.4	.2	19.6	32.9
Unexpended, June 30, 1957-----	34.6	6.3	3.0	24.7	68.6
Unobligated/unreserved, June 30, 1957-----	11.0	.9	1.6	17.7	31.2
Unexpended, June 30, 1958-----	32.1	5.5	4.8	29.5	71.9
Unobligated/unreserved, June 30, 1958-----	8.3	.2	3.4	20.6	32.5
Unexpended, June 30, 1959-----	31.7	5.0	3.6	31.3	71.6
Unobligated/unreserved, June 30, 1959-----	8.2	.2	2.2	22.1	32.7
Unexpended, June 30, 1960-----	30.7	5.0	3.7	33.0	72.4
Unobligated/unreserved, June 30, 1960-----	9.6	.2	2.4	23.5	35.7
Unexpended, June 30, 1961-----	28.7	6.2	3.3	38.2	76.4
Unobligated/unreserved, June 30, 1961-----	9.9	.8	1.1	27.4	39.2
Unexpended, June 30, 1962-----	29.2	6.9	4.6	39.2	79.9
Unobligated/unreserved, June 30, 1962-----	8.1	.2	1.2	27.3	36.8
Unexpended, June 30, 1963-----	30.3	7.0	4.8	45.7	87.8
Unobligated/unreserved, June 30, 1963-----	11.7	.5	1.0	32.1	45.3
Unexpended, June 30, 1964-----	30.2	6.5	4.0	48.6	89.3
Unobligated/unreserved, June 30, 1964-----	12.7	.3	.8	32.9	46.7
Unexpended, June 30, 1965 (estimated)-----	30.7	6.5	5.9	53.6	96.7
Unobligated/unreserved, June 30, 1965 (esti- mated)-----	11.8	.3	.9	31.2	44.2

NOTE.—Foreign assistance unexpended balances include public debt funds of \$200,000,000 and fees for the investment guaranty program.

Military assistance reservations are included in foreign assistance unexpended balances above but are not included in unobligated balances. The figures for the Department of Defense military functions do not include undelivered military assistance orders; i.e., reservations which have been included in the foreign assistance column of this table. Reservations are made pursuant to the provisions of sec. 108 of the Mutual Security Appropriation Act, 1956, as amended. Under the reservation procedure, equipment on order for the foreign assistance program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the foreign assistance/military assistance accounts for future reimbursement to the procurement accounts of the military services.

For development loans (included in foreign assistance) the unexpended balance includes loan commitments not yet technically obligated. The unobligated balance excludes such commitments.

The committee is mindful of its responsibilities for continuous scrutiny of the program. To this end it has conducted its own investigations and has had available to it the findings of other agencies of the Government charged with supervisory responsibilities. It has found shortcomings which it has brought to the attention of appropriate officials. At the same time the committee recognizes that this is a global program that is conducted in countries where sound fiscal practices and standards are not always well established. Considering the geographic scope of the program and the variety of conditions under which it must operate, the committee believes that the size of the pipeline is not unreasonable.

BALANCE OF PAYMENTS AND THE OUTFLOW OF GOLD

The committee has given continued consideration to the problem of U.S. balance of payments and the decline in U.S. gold holdings and the degree to which the foreign assistance program is a factor in this decline.

From evidence submitted to the committee it is apparent that foreign aid is not a significant factor either in our balance-of-payments difficulties or in the decline of our gold supply. Secretary of State Rusk told the committee:

Since 1961, foreign aid has had a steadily decreasing impact on our balance of payments. The adverse impact is at the lowest level yet achieved. More than 85 percent of the funds requested for the economic assistance program in fiscal year

1966 will be spent directly in the United States for U.S. goods and services (hearings, p. 923).

For the current fiscal year economic assistance appropriations amount to slightly more than \$2.1 billion. More than two-thirds of this sum will be used to finance commodity procurements. In the first quarter of this fiscal year 94 percent of such procurement was made in the United States (hearings, p. 934). In addition expenditures for services rendered by technical service contractors, as well as payments to U.S. shippers, the cost of participant training in the United States, and administrative costs of the program are dollars that remain in the United States.

Only about 20 percent of all economic assistance funds, amounting to approximately \$400 million, will be spent outside the United States. Among these offshore expenditures are our payments of voluntary contributions to international organizations and programs, commodity purchases in less developed countries where the required goods are unavailable in the United States or shipping costs are too high. Certain payments to personnel stationed abroad and to U.S. contractors, assistance for American schools and hospitals abroad, and aid for famine and disaster relief also account for expenditures outside the United States.

Against this \$400 million expenditure outside the United States, we received about \$150 million in repayments of principal and interest on loans extended by AID and its predecessor agencies. Thus the net effect of the economic assistance program in the total balance-of-payments position of the United States is about \$250 million.

In the case of military assistance more than 85 percent of the \$1 billion appropriated in this fiscal year for that program will be spent in the United States. In addition, our military assistance increases the sales of military equipment abroad. Cash receipts from these sales amounted to more than \$1 billion in each of the last 3 fiscal years.

In summary, the small adverse effect that our foreign aid program has on our balance-of-payments position must be weighed against the larger and long-range policy objectives we seek to achieve through that program. Without minimizing this effect, however small, it is the judgment of the committee that any improvement in our total balance-of-payments situation must be sought among other factors that contribute more significantly to the problem.

CLASSIFIED VOLUMES AVAILABLE TO MEMBERS OF THE HOUSE

Some of the material submitted to the committee in support of the foreign assistance legislation is classified by the executive and cannot be released. Certain of the details concerning the military assistance program are secret, and there are a number of other items relating to specific countries which cannot be given out. Part of this information is classified because it would aid our enemies if it were known to them. Release of certain other information would, in the judgment of our officials, injure relations with or among other nations. Furthermore, the announcement of specific amounts of economic assistance for specific countries is delayed until congressional action on appropriations is completed in order to avoid unnecessary disappointments. The committee is obligated to observe these restrictions.

Neither the committee nor the Executive desires to keep any of this classified material from any Member of the House. The most complete statement of the program is contained in two volumes which are marked "Confidential" and "Secret," respectively. These volumes are available in the committee office, room 2170, Rayburn House Office Building, where they can be examined by any Member of the House who is willing to accept the obligation not to divulge the classified information. The volumes will also be available under the same conditions at the committee table while the bill is under consideration on the floor.

By no means all of the information in these volumes is classified, and every item classified is clearly marked so that it is not difficult for anyone examining the volumes to make certain what items are releasable.

PART 1

CHAPTER 1—POLICY

Section 101—Destruction of U.S. property

Section 101 amends section 102 of the act which relates to statement of policy by adding an expression of the sense of the Congress that assistance under the Foreign Assistance Act and other statutes should be terminated to any country permitting damage to or destruction of U.S. property within such country by mob action or by failing to take adequate preventive measures.

The amendment is intended to make clear that the Congress is deeply disturbed by such incidents as the desecration of the American flag, the breaking of windows of our embassies, or the burning or looting of U.S. buildings in foreign countries by mob violence.

The committee does not believe that either our Department of State or the governments of foreign countries should become reconciled to such destruction as a traditional or acceptable expression of disapproval of U.S. policy, just as tearing down the goal posts after a football game is accepted as normal behavior.

A higher priority should be given in the conduct of our foreign policy to the protection of U.S. Government property overseas than has been the case in the past, and action should be taken by the United States to assure that foreign governments give a high priority to the prevention of the destruction of our property by mob violence.

CHAPTER 2—DEVELOPMENT ASSISTANCE

USE OF DEVELOPMENT LOAN FUNDS FOR PROGRAM LOANS

The development assistance program for fiscal 1966 includes substantial program loans for half a dozen countries. These are general loans to finance, for example, U.S. equipment, spare parts, and raw materials, rather than specific projects, such as the construction of a highway or supplying machinery for a factory.

As countries undertake major development efforts, industry, especially in the private sector and small industries, requires increasing amounts of raw materials, equipment and spare parts which should be procured as needed through commercial channels. The procedures required for project loans are not suited to such transactions. Procurement under program loans is required to be made in the United

States, and most of the goods financed are utilized by private enterprise.

Since such loans cannot be tied in advance to a specific list of commodities, they are not subject to as effective control and evaluation of results as are project loans. There is the possibility that they may be disbursed without making a significant contribution to economic development unless conditions are favorable to their use.

Program loans are recognized as fulfilling an important and necessary function in promoting economic development where a well organized and effective development program is underway. The committee, therefore, has approved the limited use of program loans in situations clearly justifying this type of aid.

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

Section 102(a)—Authorization

Section 102(a) amends section 212 of the act which relates to technical cooperation and development grants to authorize an appropriation of \$210 million for fiscal year 1966. This is \$5 million less than the authorization for the current fiscal year and \$5,400,000 more than the appropriation for the current fiscal year. An estimated carry-over and recovery of \$21 million from prior year programs will permit a program of \$231 million for the next fiscal year. About 45 percent—\$92 million—is planned for use in Africa, \$46 million in the Near East and south Asia, and \$34 million in the Far East. The balance of \$59 million will be used for research, program support, and interregional activities. In Latin America similar programs are funded from the Alliance for Progress appropriation.

The technical cooperation and development grant program is the principal means by which AID contributes to the basic needs of the developing nations. It is used to assist these countries to—

- (1) Improve the educational, technical, and professional skills of their people;
- (2) Improve and expand the institutional structures and practices that contribute to economic and social development;
- (3) Determine their indigenous human and material resources that are basic for economic growth.

During the past several years technical cooperation programs have been concentrated upon high priority programs. About one-fifth of such assistance is directed to strengthening educational institutions with particular emphasis on subjects directly related to development needs. Lagging food production has resulted in greater efforts in the field of agriculture including rural development. Industry and transportation, health and sanitation including malaria eradication are other key sectors for which these funds are used.

The committee believes that this program, carried on in 48 countries of which 32 are in Africa, has been among the more successful parts of the foreign assistance program. Some measure of its success is evidenced by the decline both on a percentage basis and a dollar basis of technical cooperation funds for the Far East and for the Near East and South Asia, reflecting a greater capacity on the part of countries in those areas to rely more heavily on loans for their development rather than grants.

Section 102(b)—American schools and hospitals abroad

Section 102(b) amends section 214 of the act, which relates to American schools and hospitals abroad, in two respects: first, it changes the definition of hospitals authorized to be aided under this section to restrict such assistance to hospitals founded or sponsored by U.S. citizens and serving as centers for medical education and research; and, second, it authorizes an appropriation of \$7 million in fiscal 1966 for purposes of section 214, of which \$1.1 million will be used to purchase local currency owned by the United States.

The proposed authorization of funds represents a reduction of over \$10.5 million from fiscal 1965 and almost \$13 million from fiscal 1964. The major portion of the \$7 million is intended for four institutions: American University of Beirut, Robert College at Istanbul, Project HOPE, and the American University in Cairo. The remainder is earmarked for special nonrecurring projects in a number of other institutions, including the Seagrave Hospital in Burma, the Anatolia College and the American Farm School in Greece, Escuela Agricola Pan-americana in Honduras, and other American-sponsored institutions, as listed on page 246 of the hearings.

The change in the definition of hospitals that may be aided under section 214 results from the recommendations of the executive branch regarding the procedure which should be employed in providing assistance, where necessary and warranted, to American-sponsored hospitals abroad. There are at present some 300 hospitals abroad which are supported by Americans and could, under certain circumstances, be considered eligible to apply for assistance under section 214. The executive branch is of the opinion, in which this committee concurs, that American-sponsored hospitals abroad which are designed exclusively for the treatment of patients and which wish to apply for assistance, should be considered for such aid under the regular programs of the Agency for International Development for the countries in which they are located. Section 214 authority will remain available, however, with respect to hospitals which are designed primarily as teaching or research hospitals. Further, the change proposed is not intended to preclude assistance to those American-sponsored hospitals which have been or are currently aided under section 214.

TITLE III—INVESTMENT GUARANTIES

This title amends title III of existing law relating to investment guaranties in the following respects: (1) It raises the limit on the volume of specific risk guaranties which may be issued from \$2.5 billion to \$5 billion (no funds are required); (2) It earmarks \$150 million of the \$300 million previously authorized for extended risk guaranties for use solely for housing projects; (3) It removes the 20-year maximum term on guaranties for guarantors of loan investments; (4) It increases from \$250 million to \$450 million the total face amount of Latin American housing guaranties that may be outstanding at any one time; and (5) It authorizes a number of lesser changes designed to

make the program more serviceable to investors. Except for a broadening of the purpose for which Latin American guaranties may be issued, no new type of coverage is authorized.

Section 103(a)(1)—Eligibility

This section amends the introductory clause of section 221(b), which relates to general authority, by replacing the present definition of the persons and organizations eligible for investment guaranties with a statement that the President may issue guaranties to "eligible United States investors." A definition of the term "eligible United States investors" is subsequently added to section 223 of the act by section 103(d)(2) of the bill.

This provision, together with section 103(d) and a conforming amendment in 103(e), amends existing law to make clear that guaranties may be issued to foreign corporations wholly owned by more than one U.S. corporation, and by U.S. citizens, partnerships, and other noncorporate U.S. organizations. The act now authorizes guaranties to a wholly owned subsidiary of a U.S. corporation. The status of corporations organized under U.S. law is not altered. Such corporations are eligible for guaranties only if substantially beneficially owned by U.S. citizens.

Section 103(a)(2)—Ceiling on specific risks

This subsection increases the limit on the total amount of specific risk guaranties (convertibility, expropriation, war, revolution, and insurrection) which may be outstanding at any one time from \$2.5 billion to \$5 billion. The figure relates only to the volume of guaranties (comparable to insurance policies issued). No appropriation of funds is involved.

The demand for specific risk guaranties is increasing rapidly. There were guaranties outstanding on December 31, 1964, of \$1,700 million. During the last 6 months of 1964, guaranty contracts were issued at the average rate of \$80 million a month. The annual amount of preliminary applications increased from \$2 billion in 1963 to nearly \$6 billion for 1964. The increased ceiling is estimated to meet the needs of the program for the next 2 years.

It is recognized that private investment is a key element in the promotion of economic development. There are now 63 countries in which at least some portion of the investment guaranty program is in effect. The list of eligible countries, the nature of the coverage agreed to, and the amounts of specific risk guaranties issued are shown in the following tables:

Countries where investment guaranties are available, Mar. 1, 1965

Convertibility	Expropriation	War, revolution, and insurrection	Extended risk
Afghanistan.....	Afghanistan.....	Afghanistan ¹	
Argentina.....	Argentina.....	Argentina.....	Argentina.
Brazil ²	Brazil ²	Brazil ²	Brazil. ²
Bolivia.....	Bolivia.....	Bolivia.....	Bolivia.
Central African Republic.....	Central African Republic.....	Central African Republic.....	Central African Republic.
Chile.....	Chile.....	Chile.....	Chile.
China, Republic of.....	China, Republic of.....	China, Republic of.....	China, Republic of.
Colombia.....	Colombia.....	Colombia.....	Colombia.
Congo (Brazzaville).....	Congo (Brazzaville).....	Congo (Brazzaville).....	Congo (Brazzaville).
Congo (Léopoldville).....	Congo (Léopoldville).....	Congo (Léopoldville).....	Congo (Léopoldville).
Costa Rica.....	Costa Rica.....		
Cyprus.....	Cyprus.....	Cyprus.....	Cyprus.
Dominican Republic.....	Dominican Republic.....	Dominican Republic.....	Dominican Republic.
Ecuador.....	Ecuador.....	Ecuador.....	Ecuador.
El Salvador.....	El Salvador.....		
Ethiopia.....	Ethiopia.....		
Gabon.....	Gabon.....	Gabon.....	Gabon.
Ghana.....	Ghana.....		
Greece.....	Greece.....	Greece.....	Greece.
Guatemala.....	Guatemala.....		
Guinea.....	Guinea.....	Guinea.....	Guinea.
Haiti.....	Haiti.....		
Honduras.....	Honduras.....		
India.....	India.....		
Iran.....	Iran.....		
Israel.....	Israel.....	Israel.....	Israel.
Ivory Coast.....	Ivory Coast.....	Ivory Coast.....	Ivory Coast.
Jamaica.....	Jamaica.....	Jamaica.....	Jamaica.
Jordan.....	Jordan.....	Jordan.....	Jordan.
Kenya.....	Kenya.....	Kenya.....	Kenya.
Korea.....	Korea.....	Korea ¹	
Laos.....	Laos.....	Laos.....	Laos.
Liberia.....	Liberia.....	Liberia.....	Liberia.
Malagasy Republic.....	Malagasy Republic.....	Malagasy Republic.....	Malagasy Republic.
Malaysia.....	Malaysia.....		
Mali.....	Mali.....	Mali.....	Mali.
Mauritania.....	Mauritania.....	Mauritania.....	Mauritania.
Morocco.....	Morocco.....	Morocco.....	Morocco.
Nepal.....	Nepal.....	Nepal.....	Nepal.
Nicaragua.....	Nicaragua.....	Nicaragua ¹	
Niger.....	Niger.....	Niger.....	Niger
Nigeria.....	Nigeria.....		
Pakistan.....	Pakistan.....		
Panama.....	Panama.....	Panama ¹	
Paraguay.....	Paraguay.....		
Peru.....			
Philippines.....	Philippines.....		
Portugal.....	Portugal.....		
Senegal.....	Senegal.....	Senegal.....	Senegal.
Sierra Leone.....	Sierra Leone.....	Sierra Leone.....	Sierra Leone.
Somali Republic.....	Somali Republic.....	Somali Republic.....	Somali Republic.
Spain.....	Spain.....		
Sudan.....	Sudan.....	Sudan.....	Sudan.
Tanzania.....	Tanzania.....	Tanzania.....	Tanzania.
Thailand.....	Thailand.....	Thailand ¹	
Togo.....	Togo.....	Togo.....	Togo.
Trinidad-Tobago.....	Trinidad-Tobago.....	Trinidad-Tobago.....	Trinidad-Tobago.
Tunisia.....	Tunisia.....	Tunisia.....	Tunisia.
Turkey.....	Turkey.....	Turkey.....	Turkey.
United Arab Republic (Egypt).....	United Arab Republic (Egypt).....	United Arab Republic (Egypt).....	United Arab Republic (Egypt).
Uruguay ²	Uruguay ²		
Vietnam.....	Vietnam.....	Vietnam.....	Vietnam.
Venezuela.....	Venezuela.....	Venezuela.....	Venezuela.
Yugoslavia ³	Yugoslavia ³		

¹ Includes only guaranties against loss due to war.² Although applications will be accepted, guaranties cannot be processed until agreement is ratified by country's legislative body and in force.³ Restricted availability.

NOTES

Although the Mutual Security Act of 1959 excluded economically developed countries for purposes of the Investment Guaranty Program, guaranties are still available for the underdeveloped overseas dependencies of the following countries:

Convertibility	Expropriation	War risk
Denmark.....	Denmark.....	
France.....	France.....	
Netherlands.....	Netherlands.....	
Norway.....	Norway.....	
United Kingdom.....		

The following countries also had agreed to participate in the Investment Guaranty Program, but due to the Mutual Security Act of 1959 guaranties are no longer issued there: Austria, Belgium, Finland, Germany, Ireland, Italy, Japan, and Luxembourg.

Cuba signed the agreement in 1957 for convertibility and expropriation, but due to conditions existing in that country the program is inoperative.

Cumulative report of specific risk guaranties issued by country through Dec. 31, 1964

Country	Number	Convertibility	Expropriation	War risk	Total
Afghanistan.....	3	\$400,000	\$200,000	\$200,000	\$800,000
Algeria.....	4		15,750,000		15,750,000
Angola (Portuguese).....	2	90,000	90,000		180,000
Argentina.....	184	316,119,113	163,557,523	38,080,957	517,757,593
Austria.....	3	1,030,000	1,000,000		2,030,000
Belgium.....	7	432,000	120,000		552,000
Bolivia.....	23	1,164,073	20,100,375		21,264,448
China.....	55	28,589,162	25,545,441	16,432,000	70,566,603
Chile.....	13	3,066,782	1,936,000	1,722,000	6,724,782
Colombia.....	38	9,734,220	13,730,060	1,782,360	25,246,640
Congo (Léopoldville).....	4	475,000	475,000		950,000
Costa Rica.....	21	1,338,630	8,405,066		9,743,696
Cyprus.....	2		85,000	85,000	170,000
Denmark.....	1	182,500			182,500
Dominican Republic.....	17	2,975,000	4,150,000	3,660,000	10,785,000
Ecuador.....	24	4,615,255	4,786,394	200,000	9,601,649
El Salvador.....	7	1,791,554	1,315,000		3,106,554
France.....	68	34,355,295	15,933,536		50,288,831
French Guiana.....	1		200,000		200,000
Germany.....	66	13,875,541	44,855,690		58,731,231
Ghana.....	2	420,000	420,000		840,000
Greece.....	16	5,382,200	4,987,500	2,525,000	12,894,700
Guatemala.....	9	447,000	2,772,000		3,219,000
Guinea.....	8	2,100,000	75,100,000	1,100,000	78,300,000
Haiti.....	16	9,591,680	10,461,680		20,053,360
Honduras.....	37	3,810,300	27,909,000		31,719,300
India.....	131	107,568,496	85,019,692		192,588,188
Iran.....	28	17,394,443	13,902,842		31,297,285
Israel.....	17	465,000	1,712,200	7,918,007	10,095,207
Italy.....	66	113,636,819	44,908,454	676,053	159,221,326
Ivory Coast.....	5	1,828,000	1,828,000	675,000	4,331,000
Jamaica.....	2	206,000			206,000
Japan.....	8	2,872,000	2,422,000		5,294,000
Jordan.....	2		8,000,000		8,000,000
Korea.....	5	32,252,659	32,252,659	27,172,798	91,678,116
Liberia.....	8	1,200,000	19,664,500	540,000	21,404,500
Malaysia.....	8	843,300	1,598,240		2,441,540
Morocco.....	10	3,167,133	2,799,436	1,330,000	7,296,569
Netherlands.....	26	7,444,835	3,883,056		11,327,891
Nicaragua.....	6	2,190,000	2,846,000	330,000	5,366,000
Nigeria.....	5	6,134,700	4,491,720		10,626,420
Pakistan.....	26	8,492,835	78,226,967		86,719,802
Panama.....	2		9,572,900		9,572,900
Paraguay.....	5	3,912,000	6,912,000		10,824,000
Peru.....	16	14,902,407			14,902,407
Philippines.....	28	8,914,987	5,583,316		14,498,303
Portugal.....	8	8,227,000	12,227,000		20,454,000
Sierra Leone.....	9	9,275,000	18,230,000	18,887,000	46,392,000
Sudan.....	2		2,250,000	1,215,000	3,465,000
Thailand.....	35	15,588,130	12,329,030	9,462,000	37,379,160
Togo.....	6	21,930,000	20,162,000	20,074,000	62,166,000
Trinidad.....	7	56,498,125	34,972,000	33,000,000	124,470,125
Tunisia.....	12	3,267,200	7,083,200	3,500,000	13,850,400
Turkey.....	46	110,288,553	53,314,583		163,603,136
United Kingdom.....	39	32,381,099			32,381,099
Venezuela.....	45	6,815,921	21,565,921	15,183,416	43,565,258
Vietnam.....	15	3,239,973	3,324,972	1,530,647	8,095,592
Yugoslavia.....	2	2,000,000	2,000,000		4,000,000
Total.....	1,261	1,044,921,920	956,967,953	207,281,238	2,209,171,111

Six countries signed bilateral agreements in 1964 and four others broadened their original agreements. Brazil has recently signed an investment guaranty agreement which will go into effect when ratified by the Brazilian Congress. The committee has included in section 301(c)(3) of the bill an amendment to extend for one additional year the opportunity of countries to sign investment guaranty agreements without jeopardizing any assistance they may receive under the act. The committee feels this will be ample time for countries to comply with the requirements for entering into investment guaranty agreements.

AID has made significant progress in speeding up the processing of applications for guaranties. As indicated in the following table, the number of coverages written in 1964 was more than double that in 1963.

Calendar year	Number of coverages	Value
1960.....	46	\$63, 700, 000
1961.....	50	71, 000, 000
1962.....	144	440, 000, 000
1963.....	186	426, 000, 000
1964.....	468	707, 800, 000

Of the 1,300 applications now in hand, AID has the responsibility for taking the next step in less than 10 percent. In the remaining 90 percent, further action is dependent upon either the investor (completion of project plans, additional data required) or receipt of host country approval.

Section 103(a)(3)—Limit on extended risks

This subsection extends the authority to issue extended risk guaranties through June 30, 1967, and removes the limit of \$25 million on the size of loan investment guaranties and \$10 million on other such guaranties (equity investments) which may be issued. The ceilings on the size of guaranties have been removed because they limit the utility of the extended risk guaranty authority since institutional investors, whose funds the authority is designed to attract, are most often interested in larger projects. The extension of this authority to June 30, 1967, is granted in order to avoid any lapse in the authority if Congress fails to enact legislation before the end of fiscal year 1967.

No increase is provided in the presently authorized volume of extended risk guaranties which may be outstanding at any one time (\$300 million). However, section 103(a)(3)(B) requires \$150 million of this authorized amount to be set aside for use solely for housing projects throughout the world. The committee was informed that by administrative action \$50 million had been set aside from this issuing authority for housing projects. In consideration of the successful operation of a similar program in Latin America, the bill provides for a reservation of \$150 million for housing.

Section 103(b)—Maximum term

This subsection amends section 221(c) of the act, which relates to the general authority to issue investment guaranties, by restricting the present 20-year maximum term on guaranties to those equity investments only, thereby removing guaranties of loan investments

from any term limitation whatsoever. Long-term institutional lenders such as insurance companies and pension funds often extend credit for more than 20 years. Because debt servicing is a major problem in many less developed countries the longer the term of a loan investment the more significant its contribution to development. Additionally, this permits the guaranty program to cover loan investments for terms at least equal to the terms granted for direct U.S. loans under the development loan program.

Section 103(c)—Investigating costs for claims

This section amends section 222(b) of the act, which contains the general provisions relating to investment guaranties, by adding an authority to use fee income from guaranties to pay the costs of investigating and adjusting claims under guaranties, including costs of arbitration.

The act now permits the use of fee income to meet the managerial and custodial costs of assets acquired by the U.S. Government when it "steps into the shoes" of a guaranteed investor who has been paid. This use of fee income has been justified because the need for services giving rise to managerial and custodial costs is infrequent, cannot be predicted, and cannot, therefore, be specifically provided for in an administrative budget. The same holds true for the cost of administering and adjusting claims. This authority, therefore, will contribute to the prompt and effective handling of a claim before payment which is just as important to the protection of the Government as the proper handling of assets acquired after payment.

Section 103(d)—Definition of eligible investors

This subsection amends section 223 of the act by adding a new subsection (c) defining "eligible United States investors." Formerly, the description of eligible U.S. investors was contained in the introductory paragraph of section 221(b) for specific risk and extended risk guaranties and section 224(b), for guaranties of Latin American housing projects.

This new subsection which is applicable to all types of guaranties, defines "eligible United States investors" as (i) U.S. citizens; (ii) corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by U.S. citizens; and (iii) foreign corporations, partnerships, or other associations wholly owned by one or more such U.S. citizens, corporations, partnerships, or other associations. The new subsection retains the language now in the act that the eligibility of a foreign corporation is to be determined without regard to any shares, in aggregate less than 5 percent of the total of issued and subscribed share capital required by law to be held by persons other than the U.S. owners.

Only item (iii) differs from existing law (sec. 221(b) (introductory paragraph)). This change—together with the conforming amendments to sections 221(b) and 224 of the act (secs. 103(a)(1) and 103(e) of the bill)—has two purposes. First, it eliminates the anomaly in existing law under which guaranties may be issued to corporations owned by one U.S. corporation but not to foreign corporations owned by more than one U.S. corporation, or by U.S. citizens or partnerships or by other noncorporate U.S. organizations. Second, it eliminates the inconsistency between investors eligible for Latin American housing guaranties under section 224 of the act and

investors eligible for guaranties generally under section 221(b) of the act, including housing and other extended risk guaranties. Section 221(b) of the act presently authorizes the issuance of specific and extended risk guaranties to wholly owned foreign subsidiaries of U.S. corporations, but such subsidiaries are not eligible for guaranties under section 224, Latin American housing. The bill makes foreign subsidiaries of U.S. corporations eligible for guaranties under section 224, Latin American housing.

Section 103(e)—Latin American housing

This section amends section 224 of the act, which relates to housing projects in Latin American countries, in the following respects:

The purpose statement in subsection (a) is broadened so that the purpose of guaranties under section 224 is no longer limited to developing self-liquidating pilot housing projects but is extended to include the development of institutions engaged in Alliance for Progress programs, particularly cooperatives, free labor unions, savings and loan, and other institutions engaged in financing home mortgages, construction of homes for lower income persons and families, the increased mobilization of savings, and the improvement of housing conditions in Latin America.

Second, subsection (b) continues the present authority to guaranty U.S. loan investments in pilot or demonstration private housing projects in Latin America similar to those insured by the Federal Housing Administration. There is then added to subsection (b) new authorities to carry out the new purposes described above. Under these authorities guaranties may be issued to eligible U.S. investors for loan investments in—

(1) Credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages (such as savings and loan institutions);

(2) Housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(3) Housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives; or

(4) Housing projects in Latin America 25 percent or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and has not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

Third, a new subsection (c) is added which increases from \$250 million to \$450 million the total face amount of guaranties that may be outstanding at any one time under section 224. As of December 1964, 10 projects comprising 12,000 dwelling units guaranteed at \$61.5 million were under construction and 3,600 units completed. Five more projects, totaling 600 units with guaranties amounting to \$30 million, are getting underway; and 13 additional projects with 11,000 dwelling units guaranteed at \$68 million are under active consideration awaiting final document submission and review. Projects utilizing the remaining \$91 million of the \$250 million are under preliminary

review by the Federal Housing Administration. Subsection (c) also continues the present prohibition on payments for losses arising out of fraud or misconduct for which the investor is responsible and provides that the authority contained in section 224 shall expire on June 30, 1967.

The principal purpose of these amendments to section 224 of the act is to assure that the focus of the guaranty program under that section will not only continue to provide support for private housing projects demonstrating U.S. techniques for building, financing, and marketing privately developed housing, but will also stimulate development in Latin America of institutions similar to those which in the United States have so successfully mobilized private capital for the financing of new homes and other types of institutions important to the success of the Alliance for Progress.

The administration requested an increase of \$100 million in the ceiling on the face amount of guaranties that may be outstanding at any one time. No proposal was made to the committee by the executive branch to continue support for self-liquidating pilot or demonstration housing projects beyond the \$250 million guaranty issuing ceiling that was already provided in the act. Despite the AID's testimony that it no longer intended or desired to continue the self-liquidating pilot or demonstration housing projects, the committee specifically provides continuing authority for supporting this program, which is now being carried on so successfully. The committee also provides an additional \$200 million of guaranty issuing authority so as to assure the availability of adequate issuing authority to cover the pilot or demonstration housing projects.

Congress recognized in the Foreign Assistance Act of 1961 the vital role of the labor movement and declared it to be the policy of the United States to strengthen free labor unions in developing areas. In the view of the committee, investments by U.S. trade unions through democratic workers' organizations will help to strengthen democratic processes and economic and social development in Latin America. Therefore, these changes are also designed to assure that the guaranty program will stimulate development of low-income housing in Latin America by facilitating the investment of interested unions' pension and welfare funds and other private funds in low-cost workers housing.

This committee also feels that studies should be made of the possibilities for greater participation of workers cooperatives and free democratic labor unions in the housing program along the lines followed in the case of the Sindicato de Trabajadores de la Tela Railroad Co. (SITRATERCO) union in Honduras. Such assistance will provide the workers of Latin American with the means to attain the objectives of the Alliance for Progress.

The solution of the problem of providing adequate housing is one of the major problems confronting the Alliance for Progress. The unionized workers of Latin America are in a position to make a significant contribution to its solution.

TITLE VI—ALLIANCE FOR PROGRESS

Section 104—Authorization

This section amends section 252 of the act, which includes an authorization of \$600 million for fiscal year 1966, to make \$85 million of the

funds previously authorized available for grants. The committee denied the request of the executive branch to make available for authorization for fiscal year 1966 an additional \$235,300,000, representing the difference between amounts authorized but not appropriated for the last 3 fiscal years because there are ample funds authorized.

The Agency estimates that \$596,125,000 will be available for programing in fiscal year 1966, as indicated below:

Loans:

Appropriation request for new funds.....	\$495, 125, 000
Reimbursements and receipts.....	8, 000, 000
Estimated recoveries.....	5, 000, 000
Total.....	508, 125, 000

Grants (technical cooperation):

Appropriation request for new funds.....	85, 000, 000
Estimated recoveries.....	3, 000, 000
Total.....	88, 000, 000

There is some indication that the Alliance for Progress is finally beginning to hit its stride and is starting to show some tangible results.

As evidence of economic progress, the figures this past year indicate that the program has not only met its basic goal, but exceeded it. In 1961, the minimal target was to increase the annual per capita income by 2.5 percent; this past year it will be well over 3 percent. Exports from Latin America are up nearly 23 percent from 1960. After more than 3 years of the Alliance, much of the fundamental approach toward economic development is shifting—an increasing percentage of funds is being channeled into such institutions as development banks, agrarian reform and colonization institutes, and savings and loan associations. Such investments would be expected to have a long-range multiplier effect and serve to build more lasting economic structures for all the American Republics. It is hoped that future efforts within the inter-American system will be directed toward increasing the efficiency of the Alliance and emphasizing the mutual obligations of all the Republics of the Americas to help each other overcome economic obstacles to prosperity.

The record of social reform continues to improve. Nine countries have undertaken major tax reforms. Since 1962, tax revenues (adjusted for increases in cost of living) have increased 15 percent in 16 countries; each country reports an increase. Twelve countries have land reform laws. Fifteen countries have self-help housing programs, and more than 300,000 dwelling units have been completed or are nearing completion. More than 12 million schoolchildren are participating in school lunch programs, three times the number 2½ years ago. The record is equally impressive in road construction, better water and sewerage facilities, teacher training, and countless other manifestations of progress in this dynamic area of the globe.

Politically, more governments seem to have acquired a degree of stability. This has a direct bearing on attracting private foreign investment, so essential to the basic goals of the Alliance for Progress.

All in all, it is a creditable record of achievement, one which with continued mutual effort toward improving the lot of all the peoples of the hemisphere will serve as positive proof that foreign aid, wisely

provided and diligently utilized, is the best investment the United States can make.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 105—Authorization

Section 105 of the bill amends section 302 of the Foreign Assistance Act of 1961, as amended, by authorizing an appropriation of \$144,755,000 for voluntary U.S. contributions to 11 international programs described below. This section also limits fiscal year 1966 U.S. contributions to the United Nations Works and Relief Agency for Palestine Refugees to \$15.2 million.

The authorization of \$144,755,000 is \$10.7 million less than the amount requested by the executive branch. This cut reflects a revision of the estimated callup of U.S. contributions to the Indus water basin project, expected to occur during fiscal year 1966, and economies anticipated as a result of the proposed statutory limitation on fiscal 1966 U.S. contributions to UNRWA. These are described in more detail below.

Indus water basin project.—Pursuant to an agreement signed in 1960 and amended in 1964, the United States contributes to the Indus Basin Development Fund, administered by the World Bank. The Fund is financing a 10-year project to divert to India certain waters now used in Pakistan, and to provide for replacement of the diverted waters by a system of dams, reservoirs, and link canals in Pakistan. In addition to the United States and the World Bank, Australia, Canada, Germany, New Zealand, and the United Kingdom, as well as India and Pakistan, participate in the financing of this project.

The development of the water resources of the Indus Basin is proceeding on schedule. All but five major contracts have been awarded. On an overall basis, about two-thirds of the contracts have been let to U.S. firms.

At the time of the submission of the program for fiscal 1966, it was anticipated that the World Bank would call for \$53 million in U.S. contributions to the Indus waters project during the coming year. Subsequently, a revised estimate of \$43.1 million was submitted to the committee. The committee therefore reduced the total amount proposed to be authorized under chapter 3 by \$9.9 million.

The United Nations Relief and Works Agency for Palestine Refugees.—For a number of years, this committee has urged that greater effort be exerted to reduce the relief rolls of Palestine refugees, and to promote the absorption of these people into the normal economic life of the Near East region. Unfortunately, very little progress has been made in that direction to date. The number of ration recipients is higher today than it was 4 years ago. And while this situation continues, it contributes to the political problems of that very important region.

During each of the fiscal years 1963, 1964, and 1965, the United States contributed, in cash and in Public Law 480 commodities, \$24.7 million annually to the programs of UNRWA. For fiscal year 1966, the executive branch proposed a contribution of \$23.7 million, consisting of \$16 million in chapter 3 appropriations and the remainder in surplus agricultural commodities. The committee believes that greater progress must be made in phasing out this program. For this reason, the committee has proposed language limiting chapter 3 contributions to UNRWA in the coming fiscal year to \$15.2 million—

\$800,000 or 5 percent less than the amount programed for this agency by the executive branch. The committee is strongly of the opinion that further gradual reductions should be made in U.S. contributions to this activity in the coming years, with a view to complete termination, as promptly as feasible, of U.S. assistance for this program.

U.N. Expanded Program of Technical Assistance and the Special Fund.—These two programs are designed to assist developing countries to achieve economic and social growth. Under the expanded program, technical advice and skills are transferred to the developing countries through the provision of experts and fellowships. The Special Fund, on the other hand, concentrates on surveys of natural resources and feasibility studies, establishment of training institutions and formation of research institutes. During the current fiscal year, contributions to these two programs from all countries are expected to amount to \$153 million. During fiscal year 1966, they are expected to reach \$165 million. The U.S. contribution for the coming year, calculated on a 40–60 matching basis, is expected to amount to \$65 million.

World food program.—In 1962 the United Nations undertook a 3-year experimental program to determine how and to what extent surplus food can be used on a multilateral basis to stimulate economic and social development. The principal development projects undertaken included colonization and land settlement; land reclamation and development; promotion of animal husbandry; and emergency operations involving direct feeding and use of foodstuffs in rehabilitation following such natural disasters as cyclones in Pakistan, earthquakes in Iran, and hurricanes in the Caribbean. Toward the program's 3-year goal of \$100 million, the United States pledged 40 percent of total contributions, including up to a maximum of \$6 million in cash and the remainder in Public Law 480 surplus commodities. The \$2.3 million contributed to this program during fiscal year 1965 fulfills the cash component of the U.S. pledge.

During the course of 1965, the countries which have participated in this program will decide whether to recommend its continuation. In view of the fact that the objectives of this program—promotion of the economic growth of the developing countries through food aid—parallel and supplement the objectives being sought by the United States through some of its bilateral foreign assistance programs, the executive branch is disposed to favor the continuation of the world food program. The committee concurs in this view. For this reason, \$2 million is included in the proposed chapter 3 authorization for a U.S. cash contribution to the world food program during fiscal year 1966. This contribution would represent a continuation of support at the same level as U.S. cash pledges through the initial 3-year period.

Operational program of the International Atomic Energy Agency.—On a number of occasions in the past this committee has urged that special programs of international agencies, such as the operational program of IAEA, be included as promptly as possible within the regular budgets of such organizations. Once the feasibility and the merits of these special operations are established, the financial burden entailed should be borne equitably by all members of the sponsoring organization.

The operational program of the IAEA encourages peaceful applications of atomic science, development and promotion of international

standards and uniform practices in the peaceful uses of atomic energy, and the development and application of a uniform system of safeguards to prevent the diversion of nuclear materials and equipment to nonpeaceful uses. While this is certainly a worthy undertaking, the committee is pleased to note that the United States' share of its financing is being gradually reduced. Originally, the United States provided 50 percent of the financial support for this activity. In fiscal year 1965, the United States reduced its cash pledge to 45 percent of the total amount actually contributed. For the 1966 program, the United States proposes to pledge 40 percent of total cash contributions. In addition, the United States will continue to make available fellowships for the training of IAEA nominees in the United States, the services of U.S. experts, and small grants for related activities. The total contribution of \$1 million anticipated for fiscal 1966 is \$100,000 less than the amount furnished to this program during the current fiscal year.

The U.N. Emergency Force in the Near East.—The U.N. Emergency Force in the Near East, established in 1956, has guarded and patrolled the armistice line and international frontier between Israel and the United Arab Republic. It serves a major United States and United Nations objective in keeping the peace between the two states and contributing to the maintenance of stability in the entire Middle Eastern region.

During calendar year 1964 it was found possible to reduce UNEF's troop strength from 5,100 to 4,800. While firm decisions have not been made to date on the financing of UNEF for calendar years 1965 and 1966, the executive branch estimates that the financing of the force will entail continuation of the current level of voluntary U.S. contributions. Consequently, \$835,000 is included in the chapter 3 fiscal year 1966 request for this purpose.

Medical research, World Health Organization.—Convening in 1964 at the invitation of the French Government, representatives of the United States, the United Kingdom, Italy, Germany, and France proposed the establishment of a center on cancer research, whose work would include (1) collection and dissemination of information on the epidemiology of cancer, on cancer research, and on the causation and prevention of cancer; (2) consideration of proposals and preparation of plans for cancer research, and (3) training of research personnel. In addition to these activities, the center will carry out special projects such as pilot demonstrations of cancer prevention, utilizing funds contributed by governments, foundations, and other donors. The center will be linked closely with the World Health Organization and will complement and reinforce that Organization's research work, as well as that of the participating governments. A statute for the center is expected to be submitted to the next World Health Assembly which meets in May 1965.

For the initial period, it is anticipated that the annual budget for continuing services will be approximately \$500,000, to be shared equally by the five countries. The estimated U.S. contribution in fiscal year 1966 is \$100,000.

U.N. Training and Research Institute.—The U.N. General Assembly has agreed that the United Nations should establish an institute to (1) train personnel from the developing nations for service with the United Nations or with their own national governments; (2) provide advanced training for personnel of the U.N. and the specialized

agencies who now serve in middle rank or senior posts; and (3) undertake research and operations analysis on special problems arising in the work of the United Nations, its specialized agencies, and special voluntary programs. In 1963, the Assembly asked the Secretary General to take the necessary steps to obtain financial support and, when pledges reach the \$5 million level, to establish the Institute.

The executive branch proposed that the U.S. Government contribute \$2 million over the next 5 years for the support of the Institute. The fiscal year 1966 contribution will amount to \$400,000 and will be subject to the condition that it may not exceed 40 percent of all governmental contributions. A preliminary report in early December 1964 indicated that 47 other governments had thus far contributed or planned to contribute \$2.8 million. In addition, over \$500,000 has been pledged by three private foundations.

Because of the nature of the proposed Institute, the committee feels that the executive branch must exercise the most careful scrutiny of its operations.

International Secretariat for Volunteer Service.—The International Secretariat for Volunteer Service went into operation on January 1, 1963. This organization serves as a clearinghouse for information and experience about national volunteer service programs, such as the U.S. Peace Corps. Through its activities, the Secretariat attempts to encourage the formation of new national volunteer service programs; to provide information and technical assistance requested by governments interested in setting up or operating national volunteer organizations; and to cooperate with other organizations in promoting the increase or improvement of volunteer service, thereby helping to meet the trained manpower needs of the developing countries. During the current year, 10 countries (Argentina, Denmark, Germany, India, Israel, the Netherlands, Norway, the Philippines, Sweden, and Thailand), in addition to the United States, have either provided or pledged support to the Secretariat either in the form of funds or of personnel, or both.

The fiscal 1965 U.S. contribution to the Secretariat was subject to the condition that it may not exceed 40 percent of all governmental contributions. Of the funds proposed to be authorized in chapter 3 for fiscal 1966, \$120,000 is programmed for U.S. contribution to the Secretariat on the condition that it may not exceed 28 percent of all governmental contributions. In addition, the use of these funds is subject to the following restrictions currently in the law: First, that they may not be used for the operation of any international "peace corps"; second, that they may not be used to pay the cost of developing or operating any national "peace corps"; and, third, that, insofar as the International Secretariat is concerned, they may be used only for its informational clearinghouse functions.

U.N. technical and operational assistance to the Congo.—Through its technical and operational assistance program for the Congo, the United Nations endeavors to meet the critical need of that country for skilled manpower. Currently, this program provides the Congo with 1,700 experts, including some 800 teachers, 200 doctors, 200 economists and engineers, and a variety of other specialists in agriculture, mining, labor, public works, and public administration. In addition to the United States, the Congo and 12 other governments contribute in cash or kind to this program, while various U.N. agencies provide technical experts, using their own resources.

Of the funds proposed to be authorized in chapter 3, approximately \$4 million is programed for a designated U.S. contribution to this program, to finance 223 critical positions in the fields of public finance, economic analysis and coordination, civil aviation and meteorology, public works, telecommunications, and mineral resources planning, and to meet the nonsalary costs of 400 Nigerian police. An additional \$1 million will be contributed on a matching basis to the U.N. Fund for the Congo, which is principally supported by voluntary contributions from governments and finances essential health, education, and judicial services.

United Nations Children's Fund (UNICEF).—The purpose of the U.N. Children's Fund is to make a permanent contribution to the welfare of children through programs which countries will be able to carry on themselves after initial stimulus from the Children's Fund. UNICEF furnishes supplies and equipment which assisted governments are unable to provide, while related technical assistance and advice are provided by other United Nations departments and specialized agencies. In addition, each country seeking UNICEF assistance must agree to match in goods and services the funds received from this organization's central fund. During 1964, UNICEF was providing aid to 553 long-term projects benefiting children and mothers in 117 countries and territories. Over 50 percent of its assistance was directed to health programs and combating of crippling diseases to which children are most susceptible. Also, in 1964, 117 governments were providing support to UNICEF.

For fiscal 1966, the United States proposes to pledge up to \$12 million to UNICEF subject to the limitation that the U.S. share should not exceed 40 percent of the total contributions from governments. This is the same amount as pledged annually since 1960; the U.S. share, however, has been progressively reduced from 48 percent in 1960 to 40 percent in 1964.

It was called to the committee's attention that, during calendar year 1964, UNICEF received requests for assistance amounting to \$9 million which it could not meet because of lack of financial resources. The committee believes that the humanitarian work being performed by this organization is of great importance. If the level of pledges of contributions from other governments should increase sufficiently during the coming year, consideration should be given to increasing the amount of the U.S. pledge of contribution by 1967, subject, however, to the 40-percent matching formula.

CHAPTER 4—SUPPORTING ASSISTANCE

Section 106—Authorization

Section 106 amends section 402 of the act to authorize an appropriation of \$369,200,000 for supporting assistance for fiscal year 1966. The 1965 appropriation for supporting assistance was \$401 million.

Supporting assistance is programed for 13 countries. Eighty percent is proposed for four countries—Vietnam, Korea, Laos, and Thailand—all of which are directly threatened by Communist aggression. About half will go to Vietnam. Programs in Jordan and the Congo will account for another 14 percent.

Supporting assistance is provided to countries to protect and advance U.S. foreign policy interests. Most of it goes through commercial channels to provide commodities to nations carrying on a military effort which cannot be supported by their own economic

resources. In some cases, supporting assistance is made available to avert situations of dangerous instability in sensitive areas, to encourage independence of action in nations susceptible to Russian or Chinese Communist domination, or to assure access to U.S. military bases.

The requests for supporting assistance and the number of countries receiving it have been progressively reduced each year by the Executive. Because of the importance of the countries for which it is programmed to our security and to the attainment of our foreign policy objectives and because of its significance to the nations which receive it, any reduction in the Executive request would impose a serious handicap on the implementation of our foreign policy.

CHAPTER 5—CONTINGENCY FUND

Section 107(a)(1)—Authorization

Paragraph (1) of section 107(a) of the bill amends section 451 of the act relating to the contingency fund. It authorizes an appropriation of \$50 million for fiscal year 1966. This is the amount requested by the Executive. For fiscal year 1965 there was available to the contingency fund a total of \$106,100,000 including an appropriation of \$99,200,000. Current estimates indicate that less than \$40 million has not been used. Although the contingency fund is available to meet economic assistance requirements, it was necessary during this fiscal year to transfer part of the money to augment the military assistance program. The committee believes that the standby authority granted in section 107(a)(2) should sharply reduce the necessity for such transfers in the future.

The contingency fund provides the President with a relatively small sum of money to deal with unanticipated situations in furtherance of our national interests. Given the fluid situation in many parts of the world, the committee believes that this measure of flexibility is necessary.

The uses of the contingency fund fall into three principal categories:

- (1) To enable the United States to respond immediately to the need for increased assistance to countries threatened by Communist attack or internal subversion;
- (2) To respond to unexpected economic or political crises abroad where it is in the U.S. interest; and
- (3) To provide immediate relief to victims of natural disasters such as earthquakes and floods.

Section 107(a)(2)—Standby authority for southeast Asia

Paragraph 2 of section 107(a) of the bill authorizes an appropriation to the President for fiscal year 1966 of such sums as may be necessary to be appropriated for use in southeast Asia for programs authorized under the economic and the military assistance parts of the act. While the current focus is on Vietnam, the committee recognizes that a sudden shift of aggression by the Communists to other countries in the area may require an immediate response by the United States in amounts beyond those carried in the bill.

When hostile forces attacked U.S. naval forces in the Gulf of Tonkin last summer, Congress responded with a joint resolution expressing support of the President in repelling any armed attack against the forces of the United States. The resolution further stated that "the United States is * * * prepared, as the President

determines, to take all necessary steps, including the use of the Armed Forces, to assist any member or protocol state of the Southeast Asia Collective Defense Treaty requiring assistance in defense of its freedom." The language in the bill is consistent with the congressional expression of last year but refrains from identifying the specific countries embraced in the geographic term "southeast Asia." The purpose is to give the President flexibility to determine where it is in our national interest to counter any acts of aggression under the provisions of the Foreign Assistance Act. The amendment, limited to 1 fiscal year, requires the President to present to the Speaker of the House and the Committee on Foreign Relations of the Senate the programs to be carried out from funds authorized under this authority and for which he will request an appropriation.

Section 107(b)—Reports

Section 107(b) of the bill is a conforming change to assure that the quarterly reports required by existing law pertaining to the use of the contingency fund will continue to be made available to the Congress.

PART II

CHAPTER 2—MILITARY ASSISTANCE

Section 201(a)—General authority

Section 201(a) of the bill amends section 503(b) of the act which relates to general authority by deleting the words "in foreign countries." Under existing law military assistance funds may be used to make financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense. This is the basis for U.S. contributions to NATO infrastructure programs to which the other treaty partners also contribute. The amendment in the bill will permit the United States to contribute toward the cost of such facilities when they are located in the United States. It is a means of assuring that other nations engaged in a collective defense effort with us will bear a share of the costs of any installation that may be constructed in the United States.

Section 201(b)—Authorization of funds

Section 201(b) amends section 504 of the act which relates to authorization of funds for military assistance. The authorization for an appropriation recommended by the committee is \$1,170 million, the amount requested by the Executive. This sum, together with an estimated \$88 million in reappropriations and recoupments, will permit a military assistance program of \$1,258 million for the next fiscal year.

In his testimony before the committee Secretary of Defense McNamara presented a strong statement to show the relation between the military assistance program and our own defense. He said:

An attempt on our part to provide, unilaterally, the armed force essential to insure both national and collective security would be both self-defeating and dangerous. Self-defeating because it would not develop in other free world nations the will and the military self-sufficiency required for their security; dangerous because it would greatly increase the chance of U.S. involvement in every local or limited war * * *.

We can either help our partners help themselves in the

development of an agreed military posture which will minimize their need for outside assistance, or we must be prepared, in case of emergency, to assume the whole burden ourselves, deploying U.S. forces and accepting the consequences which may result from our direct intervention.

The options available to us are three in number:

1. We can drastically revise our foreign policy to the lasting advantage of communism.

2. We can raise our own force structure to a higher—and vastly more costly—plateau of strength.

3. Or, we can assist friendly nations with the equipment and training required to enable them to carry their share of the collective defense burden.

If we continue to exercise the third option, then we must maintain a carefully planned and adequately funded military assistance program.

Eighty-four percent of the new funds will be used for military assistance programs in 11 nations that rim the Sino-Soviet bloc—Greece, Turkey, Iran, Pakistan, India, Thailand, Vietnam, Laos, the Philippines, the Republic of China, and Korea. Our Joint Chiefs of Staff, in planning our own defense programs, count upon the more than 3½ million men in these allied and friendly forces to contribute to free world common defense by deterring overt Communist aggression and by frustrating Communist efforts to infiltrate these countries and foment insurgency.

The authorization for the next fiscal year reflects the increased activity of the United States program in Vietnam and Laos. It may be, however, that additional funds may be needed for this area. The Secretary of Defense cautioned that the present estimate for these two countries is “conservative” based upon the current analysis of events in those two countries. During the present fiscal year it has been necessary to transfer \$50 million of economic aid funds to military assistance under section 610 of the act in order to meet high-priority requirements in southeast Asia.

The balance of the military assistance program is planned for training programs and modest equipment requirements. Congress has set a ceiling on U.S. military assistance to Latin America and Africa. In the case of the former about 6 percent of the funds will be used in 18 countries. About 3 percent of the funds will be used to assure continued access by the United States to important military bases in four countries. The fulfillment of prior-year commitments to three economically developed countries accounts for another 3 percent of the money. Another category of aid, called “free world orientation,” takes slightly more than 1 percent of the military assistance money to provide modest training and equipment programs in 18 countries. The balance of the funds is used for administrative expenses and the cost of the U.S. share of joint military facilities such as NATO infrastructure.

Section 201(c)—Civic action programs

Section 201(c) of the bill amends section 505 of the act relating to utilization of assistance. Section 505(a) of the act specifies the purposes for which military assistance may be furnished any country—internal security, legitimate self-defense, participation in regional or collective defense arrangements, or participation in collective measures

requested by the United Nations to maintain or restore international peace and security. While civic action programs are not identified as one of the purposes of military assistance, such programs are authorized under section 505(b) of the act when they are feasible and consistent with the other purposes enumerated above.

The amendment in the bill adds civic action programs as a fifth objective of military assistance and deletes section 505(b) of the act.

The committee gave considerable attention to the wording and phraseology in the amended language. It restricts U.S. assistance in civic action objectives to the military forces of less developed friendly countries or to the voluntary efforts of U.S. military personnel stationed in such countries. Participation is limited to the construction of public works and other activities helpful to economic development. Further, the amendment expresses the sense of Congress that (1) such foreign military forces should not be maintained or established solely for civic action activities; (2) such civic action activities should not significantly detract from the primary military mission of the military forces; and (3) civic action programs should be coordinated with and form part of the total economic development effort of the country. Although these points are an expression of congressional intent, the committee regards them as meaningful guidelines.

It is neither desirable nor possible to enumerate in law the specific kinds of programs that may come under the heading civic action. In every case any civic action activity should be incidental to the performance of the usual duties of a military unit or a byproduct of the presence of such unit in a particular locality. The construction of a schoolhouse might qualify as well as a village access road, a small community sanitation project, or other activities that improve the relationship of the military to the local civilian population. The primary purpose of military assistance should be to meet military requirements. The committee will not be inclined to excuse deficiencies in the capability or equipment of military forces on the ground that available funds have been required for civic action programs. The committee wants to make clear that civic action programs are to be neither extensive nor expensive.

Many of the programs that would qualify for civic action support by the military are the kind that could also qualify under the economic assistance part of the law, and the committee understands that civic action programs will continue to receive joint economic and military support under a funding formula. Under that formula the military assistance program provides the local military units with military equipment (e.g., engineering equipment) which can be used on civic action projects and provides maintenance and support of such equipment. Since civic action activities afford an excellent opportunity for on-the-job training of local units, the military assistance program funds all the costs related to such training. The economic aid program, on the other hand, funds all nonmilitary labor, equipment that will become a permanent part of the project, training, and the materials and consumable supplies necessary to carry out the particular project involved.

Section 201(d)—Military sales

Section 201(d) amends section 507 of the act, which relates to military sales, in two respects:

First, section 201(d)(1) amends section 507(a), which relates to sales from inventory, to provide that nonexcess defense articles may be sold under that subsection at the standard price in effect at the time the articles are offered for sale to the purchasing country or international organization. The act currently provides that the sales price of such articles shall be the standard price in effect at the time the articles are dropped from inventory by the supplying agency; namely, at the time of delivery. Since a considerable amount of time may elapse between the negotiation of the sales agreement and delivery of the articles, neither the United States nor the purchaser can know with certainty at the time the agreement is signed how much the purchaser will have to pay. The amendment, while maintaining the concept of standard inventory price, will make it possible, if circumstances so require, to ascertain and set the price at the time the articles are offered for sale.

Second, section 201(d)(2) amends section 507(b), which relates to procurement for sales pursuant to dependable undertakings, by authorizing the President, in entering into sales agreements with foreign countries and international organizations, to fix prices to be paid by the latter. The amendment also specifies (a) that the funds available under the military assistance program for financing military sales shall be used to reimburse the applicable Defense Department appropriation in the amount by which the price paid by the United States to the supplier exceeds the price fixed in the sales agreement, unless the President determines that continued production of the defense article sold is advantageous to the Armed Forces of the United States; and (b) that any excess in the price paid by the purchasing country or international organization over the price paid by the United States to the supplier is to be credited to the separate fund proposed to be established pursuant to the authority of section 201(e) of the bill.

The purpose of this amendment is to make it possible for the United States and the purchasing country or international organization to determine at the time of signing the sales agreement how much the latter will have to pay. If that amount is less than the price to be paid by the United States to the supplier, funds available under the military assistance program for financing military sales will bear the difference, except when continued production of the item sold is to the advantage of the U.S. Armed Forces. In those cases, the difference will be borne by the military department concerned. On the other hand, if the proceeds from a fixed-price sales contract should exceed the cost to the United States of the sold item, the difference between the two amounts would be deposited in the revolving fund for financing further military sales.

The committee is of the opinion that the new authority to fix the sale price of an item before its cost to the United States is determined, should be used with caution by the executive branch. For this reason, the committee added language to section 201(d)(2) which provides that, to the maximum extent possible, prices fixed under any agreement entered into pursuant to section 507(b) shall be sufficient to reimburse the United States for the cost of the defense article or defense services ordered. The committee also added the requirement that the President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount

required to be paid by the purchasing country or international organization.

Section 201(e)—Reimbursements

Section 201(e) amends section 508 of the act, which relates to reimbursements, in the following respects:

First, it provides that (1) dollar repayments for military assistance furnished on cash or credit terms, including dollar proceeds derived from the sale of foreign currency repayments; (2) proceeds from the sale of evidences of indebtedness (authorized to be sold in sec. 302(f) of this bill); (3) charges imposed in connection with military sales financed with funds available under the military assistance program, including fees and premiums received under guaranties; and (4) interest collected on such military sales are to be credited to a separate fund account which may be used to finance military sales and guaranties. The purpose of this amendment is to permit the use of all items of principal and income accruing to the military sales program for financing sales and guaranties. Section 508 of the act presently authorizes reuse of principal repayments only, a limitation which is inconsistent with the concept of financing the bulk of the military sales program on a revolving basis.

Second, it provides the authority for the establishment of a separate fund account to which the above-described items of principal and income, including receipts generated from past and future new obligational authority under the military sales program, are to be credited. Section 508 presently provides for crediting receipts to the "current applicable appropriation." Pursuant to this stipulation, there has been established administratively on the books of the Treasury a separate military sales account which is a subaccount of the current appropriation. The amendment will make this subaccount a separate account, thus subjecting it to Government-wide regulations relating to revolving funds.

Third, it expands the definition of uses to which the separate fund account may be put by striking out "furnishing further military assistance on cash or credit terms" and substituting "financing sales and guaranties, including the overhead costs thereof."

With respect to the last-described change, it is the committee's view that the overhead costs of military sales, allowed to be charged against the new revolving fund, shall not include salaries or any other expenses not heretofore authorized to be incurred, under applicable Government regulations and policies, in connection with the military sales program. The committee intends to keep close watch on the use of this new authority.

Section 201(f)—Guaranties

Section 201(f) amends section 509(b) of the act, which relates to the administration of guaranties issued in conjunction with military sales, to exempt guaranties issued to agencies of the U.S. Government from the requirement that fees and premiums be charged in connection with the issuance of all guaranty contracts. This exemption is primarily designed to apply to the Export-Import Bank which, at present, is the only U.S. Government agency expected to be affected by it.

Section 201(g)—Special authority

Section 201(g) amends section 510 of the act, which authorizes the President to furnish defense articles from Defense Department stocks

and defense services, without charge to the current military assistance appropriation, when he finds that it is vital to U.S. security to do so, in the following respects:

First, it amends subsection (a) by striking out "1965" each place it appears and substituting in each such place "1966". The purpose of this amendment is to renew the President's special authority until June 30, 1966.

Second, it amends subsection (b) to permit the appropriations act to determine whether reimbursement to the Defense Department for defense articles and services used pursuant to the special authority, will be provided for in the Defense appropriation or from future military assistance appropriations. Section 510(b) now requires that the applicable military service be reimbursed from future military assistance appropriations.

In the event that reimbursements necessitated by the exercise of the special authority are made through the Defense appropriations, this committee expects to be informed about the extent of such reimbursements and the purposes for which the authority of section 510 of the act has been used.

Section 201(h)—Restrictions on military aid to Africa

Section 201(h) of the bill amends section 512 of the act which relates to restrictions on military aid to Africa in two respects. First, the amendment substitutes a reference to "civic action requirements" in place of "programs described in section 505(b) of this chapter"—to conform with the amendment made by section 201(c) of the bill—as one of the exceptions for which grant military assistance may be given to any country in Africa. Second, it continues for fiscal year 1966 the limitation of \$25 million on the value of grant military assistance to Africa.

PART III

CHAPTER 1—GENERAL PROVISIONS

Section 301(a)(1)—Technical amendment

This section amends the heading of section 605 to read "Retention and Use of Certain Items and Funds."

Section 301(a)(2)—Reuse of funds

This section amends section 605 of the act to authorize funds reverting to the United States as a result of refund claims or the sale of defense articles to be credited to the appropriation fund or account used to finance the transaction or to the appropriation fund or account currently available for the same general purpose. This will apply to funds to be reused either for military or economic assistance as the case may be.

The effect of the two new subsections, one applicable to refunds obtained from economic assistance and the other to proceeds from sales of MAP (military assistance program) materiel, is to make cash proceeds available for use by the executive branch. Up to now, refunds obtained under the economic program could be reused pursuant to an informal agreement with the General Accounting Office within the aid-recipient country making the refund. The amendment authorizes the executive branch to reprogram any funds received across the board rather than limiting them for use within the country making the refund. AID estimates that about \$15 million a year is presently involved.

The Department of Defense has no present authority to use cash proceeds from sales or disposal of defense articles returned to the United States by recipient countries. Such proceeds are presently deposited in the general fund of the Treasury. Department of Defense officials believe that there will be greater incentive to sell defense articles no longer needed for the purpose furnished, if the funds obtained from their sale are made available for use under the military assistance program. It is estimated that about \$4 to \$5 million annually is currently being realized from these sales or disposals.

The other two amendments to the section are technical in nature. One changes the section heading to read "Retention and Use of Certain Items and Funds" and the other redesignates subsection (c) as subsection (b). Subsection (b) providing for the sale of U.S.-owned foreign currencies to U.S. citizens has been redesignated as section 104(t) of the Agricultural Trade Development and Assistance Act of 1954 by section 2 of Public Law 88-638.

Section 301(b)—Use of foreign currencies

Section 301(b) amends section 612 of the act, which relates to the use of foreign currencies, by redesignating subsection (c) as subsection (b). Subsection (b) was redesignated as section 104(t) of the Agriculture Trade Development and Assistance Act of 1954 by section 2 of Public Law 88-638.

Section 301(c)(1)—Title of section 620

This section changes the title of section 620 of the act to reflect more fully the list of prohibitions written into this section by the Congress.

Section 301(c)(2)—Expropriations by foreign states

Section 301(c)(2) amends section 620(e)(2) of the act which relates to the application of the Federal act of state doctrine by extending for an additional year the provisions of a Senate amendment added to the Foreign Assistance Act of 1964, which provide that no U.S. court shall refuse, on the ground of the act of state doctrine, to examine the validity of acts of foreign states occurring after January 1, 1959, which are alleged to be contrary to international law, unless the President determines and notifies the court that application of the act of state doctrine is required by U.S. foreign policy interests.

As originally adopted by the Senate, the provision would have become permanent law. The House conferees, because there had not been an opportunity for thorough study and full hearings on the subject, secured a modification limiting application only to cases commenced before January 1, 1966. This was approved with the understanding that the congressional committees concerned would make a determination on the need for permanent legislation after a full review.

During the hearings on H.R. 7750 the Committee on Foreign Affairs devoted considerable time to this subject, receiving testimony from the Attorney General of the United States, and from other distinguished witnesses, including a professor of law at the Yale Law School, the Hamilton Fish professor of international law and diplomacy at Columbia University, a professor of law at Georgetown University, and a professor of international law at New York University School of Law, who also serves as president of the American branch of the International Law Association. These expert witnesses did not all share the same views. While many of them favored retention of

the provisions of section 620(e)(2) on a permanent basis, the Attorney General led those in opposition.

The apparent wide diversity of views held by distinguished experts in international law caused the committee to reject elimination of the time limitation written into the law last year. Until the effect of the application of the federal act of state doctrine, as set forth in section 620(e)(2), can be more fully determined, the committee recommends the extension of this provision for an additional year.

Section 301(c)(3)—Investment guaranty agreements

This section amends section 620(l) of the act which relates to the prohibition against furnishing assistance to countries that have failed to enter into guaranty agreements with the President for investment guaranties providing coverages for the specific risks of inconvertibility and expropriation or confiscation under subparagraphs (A) and (B) of section 221(b)(1) of the act. The date by which such agreements must be entered into has been extended from December 31, 1965, to December 31, 1966. The committee feels this will be ample time for countries to comply with the requirements for entering into investment guaranty agreements.

Section 301(c)(4)—Shipping to Vietnam

Section 301(c)(4) amends section 620 of the act, which relates to prohibitions against furnishing assistance, by adding a new subsection (n). The amendment prohibits both military and economic aid to any country permitting ships under its registry to carry cargo to North Vietnam. It becomes effective 60 days after the enactment of this legislation and its provisions are the same as those of section 620(a)(3) prohibiting aid to countries permitting their ships to carry shipments to Cuba.

During 1964 ships under the flags of the following free world nations were engaged in trading with North Vietnam: West Germany, Japan, Norway, United Kingdom, Lebanon, Greece, Panama, and Italy.

Several of these countries no longer receive U.S. assistance. Nevertheless, in approving this amendment the committee indicates its desire that the Executive use whatever leverage is available to obtain the cooperation of free world governments in curtailing shipping to North Vietnam.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

Section 302(a)—Coordination with foreign policy

Section 302(a) of the bill amends section 622 (b) and (c) of the act which relates to coordination with foreign policy. Subsection (b) of the act makes the chief of mission responsible for assuring that recommendations on military assistance made to him by the appropriate military officer in his mission are coordinated with political and economic considerations. The chief of mission may forward to the President any comments he may deem appropriate on these recommendations.

In subsection (c) the Secretary of State is made responsible "for the continuous supervision and general direction of the assistance programs authorized by this act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are

effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.”

The amendments in section 302(a) of the bill add civic action and military sales programs to those for which the officials both at home and abroad are responsible for coordination.

The separate identification of civic action as a military assistance objective, contained in section 201(c) of the bill, makes it imperative that coordination of this program with our economic programs and our foreign policy objectives be given the maximum attention both at the country level and in Washington to assure that civic action programs rigidly adhere to the limitations that Congress has imposed upon them.

Similarly, coordination is required at all levels of programing where military sales are involved to assure the consistency of that program with our overall objectives abroad.

Section 302(b)—Statutory officers

Section 302(b) of the bill amends section 624 of the act which relates to statutory officers in two respects.

Subsection (b) which presently authorizes the President to fix the order of succession among the Assistant Administrators of AID is amended to authorize the fixing of such order among the statutory officers of that Agency. This is a technical change necessitated by the amendments to section 624(a) made by section 305(42) of the Federal Executive Salary Act of 1964 (title III of the Government Employees Salary Reform Act of 1964, Public Law 88-429).

It also amends subsection (d) by striking out all references to Public Law 86-735 and substituting the short title of that law, “Latin American Development Act, as amended.”

Section 302(c)—Employment of personnel

Section 302(c) of the bill amends section 625(d) of the act which relates to employment of personnel. Paragraph 2 of that subsection limits to 20 the number of individuals at any one time who may be appointed to the Foreign Service Reserve and who may initially be assigned for duty within the United States for not more than 2 years for the purpose of preparation for assignment outside the United States. The amendment would permit AID to employ 50 such persons at any one time. The result will be that individuals intended for oversea assignment will have an opportunity to gain wider experience in AID operations and a better understanding of its programs.

Section 302(d)—Experts and consultants

Section 302(d) amends section 626 of the act which relates to experts, consultants, and retired officers, by redesignating subsection (d) of the act as subsection (c). This is a conforming amendment. The present subsection (c) was repealed by section 402(a)(35) of the Dual Compensation Act, Public Law 88-448.

Section 302(e)—Terms of detail or assignment

Section 302(e) of the bill amends section 630 of the law which relates to terms of detail or assignment. Under existing law the President may require a foreign government or international organization to whom an officer or employee is detailed to reimburse or make an advance credit payment to cover the “compensation, travel expenses, and allowances” payable to the officer or employee during his period

of detail or assignment. The amendment adds "benefits" to the other categories for which the President may require payment. This term includes such items as retirement contributions, life insurance, and health insurance.

Section 302(f)—Administration of military sales

Section 302(f) amends section 635(g) of the act, which relates to general authorities and requirements now applicable under that subsection to loans. The authorities and requirements are:

- (i) Authority to issue letters of credit and commitments;
- (ii) Authority to collect or compromise obligations owed to the United States;
- (iii) Authority to acquire and dispose of property, including evidences of indebtedness or ownership;
- (iv) Authority to determine the character of, and necessity for, obligations and expenditures and the manner in which they shall be incurred, allowed, and paid subject to certain laws; and
- (v) The requirement to maintain an integral set of accounts audited by the General Accounting Office in accordance with the principles and procedures of the Government Corporation Control Act.

The most important of these authorities is the authority to dispose of evidences of indebtedness, an authority which will substantially improve the administration of the military sales and guaranty program. As the program is now conducted, separate agreements are concurrently negotiated between the Department of Defense and the foreign government, between the financial institution and the foreign government, and between the financial institution and the Department of Defense. The amendment will simplify this complex procedure by enabling the Department of Defense to sell the purchasing government's notes to one or more financial institutions, including the Export-Import Bank, each note backed by a U.S. Government guaranty, and thus eliminate the need for separate loan agreements between the financial institutions and the foreign government.

Section 302(g)—Provisions on uses of funds

Section 302(g) of the bill amends section 636 of the act which relates to provisions on uses of funds. The amendment made by paragraph (1) is a technical amendment to reflect the fact that section 2 of the act of July 31, 1894, has been superseded by section 301 of the Dual Compensation Act. The amendment made by paragraph (2) strikes out "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes" and substitutes the short title "Latin American Development Act, as amended".

Section 302(h)—Administrative expenses

Section 302(h) of the bill amends section 637(a) of the act which relates to administrative expenses. The amendment authorizes an appropriation of \$53,240,000 for fiscal year 1966, a reduction of \$2 million below the Executive request. Current estimates are that an additional \$1,600,000 will be available as the result of a carryover and of reimbursements, giving AID an availability of \$54,840,000.

Section 302 (i) and (j)—Famine and disaster relief

Section 302(i) of the bill amends section 638 of the act which relates to Peace Corps assistance by striking out the reference in that section to famine or disaster relief under title II of the Agricultural Trade Development and Assistance Act of 1954. This is a conforming amendment made necessary by section 302(j) of the bill.

Section 302(j) adds a new section 639 to the act, stating that no provision of the act shall be construed to prohibit assistance to any country for famine or disaster relief.

Under existing law, the President can, notwithstanding the prohibitions in the act on assistance to a country or the government of a country, furnish famine and disaster relief to the people of that country provided (i) that the assistance is not furnished through the government of the country but directly by the United States or through voluntary organizations, such as the Red Cross, and (ii) that the assistance does not confer a long-term economic benefit upon the country but meets only the immediate requirements of the disaster victims for food, medicine, and temporary shelter.

The amendment broadens existing authority to permit the United States to meet the immediate needs of victims of famine or disaster including dealing directly with the government or furnishing items of more lasting benefit to the country than food, clothing, and temporary shelter. The executive branch would consider the initial emergency period as no longer than 60 days from the date the disaster occurs.

The amendment would also permit the United States to meet some of the short-run rehabilitation requirements resulting from the disaster but which cannot be planned for or completed during the immediate emergency period. This expanded authority would be limited to programs that can be completed within 90 days after plans have been drawn up and funds made available.

CHAPTER 3—MISCELLANEOUS PROVISIONS

Section 303(a)—Statutes repealed

Section 303(a) of the bill amends section 642(a)(2) of the act which relates to statutes repealed in two respects.

First, it repeals section 143 of the Mutual Security Act of 1954 which relates to aid to Yugoslavia. This section is now obsolete since it has been superseded by the broader provisions of section 620(f) of the act.

Second, it repeals the proviso authorizing the continuation under the act of certain programs authorized by section 405 (a), (c), (d), and section 451(c) of the Mutual Security Act of 1954 until enactment of separate legislation relating to such programs. Enactment of separate legislation, the Migration and Refugee Assistance Act of 1962, renders this savings clause obsolete.

Section 303(b)—Definitions

Section 303(b) amends section 644 of the act, which relates to definitions, in the following respects:

First, it amends the definition of "excess defense articles" contained in section 644(g) of the act to make clear that defense articles procured in anticipation of military assistance or sales requirements, or pursuant to military assistance or sales orders, are not to be taken into account

in determining the quantity of defense articles owned by the U.S. Government that are in excess of the mobilization reserve. It also deletes the words "as grant assistance" which will permit the classification of defense articles as excess solely on the basis of the quantity owned by the United States, without regard to whether such articles are dropped from inventory for delivery as grant assistance or in connection with a military sales program.

Second, it amends the definition of "value" as it relates to nonexcess defense articles (sec. 644(m)(2) of the act) to make clear that the standard price establishing the "value" of such articles will take account of any authorized reductions in prices which have occurred prior to the time the articles are dropped from inventory by the supplying agency or, with respect to articles offered for sale pursuant to the new authority contained in section 201(d)(1) of this bill, prior to the time they are offered for sale.

Third, it amends the paragraph following the numbered paragraph (3) in subsection (m) of section 644 of the act by inserting "and sales" after "Military assistance" in the first sentence thereof and striking out "by the military assistance program" in the second proviso. These changes will make it clear that the authority to make reimbursements for aircraft, vessels, plant equipment, and certain other major items, may extend to reimbursements for such items whether sold under a military sales program or furnished under the military assistance program.

Section 303(c)—Unexpended balances

Section 303(c) of the bill effects a technical amendment to section 645 of the act, which relates to unexpended balances, by striking out "Public Law 86-735" and substituting the short title of that act, to wit: "Latin American Development Act."

CHAPTER 4—AMENDMENT TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Section 401—Sales to the United Arab Republic

Section 401 amends section 107 of the Agricultural Trade Development and Assistance Act of 1954 to forbid sales of surplus agricultural products to the United Arab Republic. The President is given authority to waive this prohibition if he determines that such sale is essential to the national interest of the United States.

The amendment provides that no such sales shall be based on the requirements of the United Arab Republic for more than 1 fiscal year. It is the understanding of the committee that all sales under title I of Public Law 480 are based on a detailed estimate of the annual requirements of the purchasing country. In recommending this amendment, it is the intention of the committee that should the President exercise his authority to sell commodities to the United Arab Republic, such authority would be used in any one year only to permit the sale to that country of its requirements for one year.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961

* * * * *

PART 1

CHAPTER 1—POLICY

SEC. 101. SHORT TITLE.—* * * [Repealed—1963]

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

It is the sense of the Congress that the institution of full investment guaranty programs under title III of chapter 2 of this part with all recipient countries would be regarded as a significant measure of self-help by such countries improving the climate for private investment both domestic and foreign.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The

Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and shall emphasize long-range development assistance as the primary instrument of such growth.

It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

The Congress further declares that in the administration of programs of assistance under this Act the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements differing development needs and political conditions in various assisted

countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries.

The Congress urges that all other countries (including private enterprise within such countries) able to contribute join in a common undertaking to meet the goals stated in this part. In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all. It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries in the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.

It is the sense of the Congress that assistance authorized by this Act should be extended to or withheld from the government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle.

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof.

CHAPTER 2—DEVELOPMENT ASSISTANCE

* * * * *

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) Not to exceed \$1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year **[1965]** 1966 to carry out the purposes of section 211 not to exceed **[\$215,000,000]** \$210,000,000 which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—* * * [Repealed—1962]

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to furnish assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical [treatment, education.] *education* and research.

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year [1965, \$18,000,000] 1966, \$7,000,000, to remain available until expended.

* * * * *

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to [United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned (determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the parent corporation) foreign subsidiary of any such corporation] *eligible United States investors—*

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed [\$2,500,000,000] \$5,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may

determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises[, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000]: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$300,000,000, and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$150,000,000: *Provided further*, That this authority shall continue until June 30, [1966] 1967.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty of *an equity investment* extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under sections 221(b) and 224 is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under sections 221(b) and 224, under section 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to sections 221(b) and 224 of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties, and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have

expired, or until all such fees have been expended in accordance with the provisions of this section.

* * * * *

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; [and]

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor’s own fault or misconduct, and materially adversely affects the continued operation of the project[.]; and

(c) the term “eligible United States investors” means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: Provided, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.

【SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

【(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$250,000,000.】

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership

and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increase mobilization of savings and the improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions;

(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives; or

(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$450,000,000: Provided, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That this authority shall continue until June 30, 1967.

* * * * *

TITLE VI—ALLIANCE FOR PROGRESS

* * * * *

SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year, and for use beginning in the fiscal year 1964, not to exceed \$525,000,000, which sums are authorized to remain available until expended and which, except for not to exceed \$100,000,000 in each of the fiscal years 1963 and 1964 and \$85,000,000 [in fiscal year 1965] in each of the fiscal years 1965 and 1966 of the funds appropriated pursuant to this section for use beginning in each such fiscal year, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Con-

gress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year. In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available for loans made to encourage economic development through private enterprise.

* * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls. *Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000.*

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year [1965] 1966 to carry out the purposes of this chapter not to exceed [\$134,272,400] \$144,755,000. None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programing of volunteer manpower.

* * * * *

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1965] 1966 to carry out the purposes of this chapter not to exceed [\$405,000,000] \$369,200,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this chapter, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1965] 1966 not to exceed [\$150,000,000] \$50,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest. *In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act in accordance with the provisions applicable to such programs if he determines such use to be important to the national interest: Provided, That the President shall present to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives the programs to be carried out from funds requested by the President to be appropriated under authority of this sentence.*

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and the obligation of funds under [this section] *the first sentence of subsection (a).*

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PART II

* * * * *

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities [in foreign countries] for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations;

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice; and

(e) guarantying, insuring, coinsuring, and reinsuring any individual, corporation, partnership, or other association doing business in the United States against political and credit risks of nonpayment arising in connection with credit sales financed by such individual, corporation, partnership or other association for defense articles and defense services procured in the United States by such friendly country or international organization.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in fiscal year [1965] 1966 to carry out the purposes of this part, not to exceed [\$1,055,000,000] \$1,170,000,000, which shall remain available until expended. Of the funds made available for the fiscal year 1965 to carry out the purposes of this part, not less than \$200,000,000 shall be available solely for use in Vietnam, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security [:], *or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic development effort.*

(b) [Provided, That, except] Except (1) to the extent necessary to fulfill prior [commitments or (2)] commitments, or (2) for civic action assistance, or (3) to the extent that the President finds, with respect to any Latin American country, that the furnishing of military assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, and so informs the Congress, no further military assistance under any provision of this Act shall be furnished to any Latin American country.

[(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.]

* * * * *

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay not less than the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. *Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization.* For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due: *Provided, That the President may, when he determines it to be in the national interest, accept a dependable undertaking to make full payment within one hundred and twenty days after delivery of the defense articles, or the rendering of the defense services and appropriations available to the Department of Defense may be used to meet the payments required by the contracts and shall be reimbursed by the amounts subsequently received from the country or international organization: Provided further, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United*

States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization. No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: Provided, however, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part *have been or* are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, *receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected* shall be credited to [the current applicable appropriation] *a separate fund account*, and shall be available until expended solely for the purpose of [furnishing further military assistance on cash or credit terms] *financing sales and guaranties, including the overhead costs thereof*, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES AND GUARANTIES.—(a) Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

(b) In issuing guaranties, insurance, coinsurance, and reinsurance, the President may enter into contracts with exporters, insurance companies, financial institutions, or others, or groups thereof, and where appropriate may employ any of the same to act as agent in the issuance and servicing of such guaranties, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder. Fees and premiums shall be charged in connection with contracts of guaranty, insurance, coinsurance, and reinsurance (*excluding contracts with any agency of the United States Government*). Obligations shall be recorded against the funds available for credit sales under this part in an amount not less than 25 per centum of the contractual liability related to any guaranty, insurance, coinsurance, and reinsurance issued pursuant to this part and the funds so obligated together with fees and premiums shall constitute a single reserve for the payment of claims under such contracts. Any guaranties, insurance, coinsurance, and reinsurance issued pursuant to this part shall be considered contingent obligations backed by the full faith and credit of the United States of America.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1965], 1966, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1965] 1966, shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations [to the President] of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

* * * * *

SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal security requirements or for [programs described in section 505(b) of this chapter] *civic action requirements*, unless the President determines otherwise and promptly reports such determination to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. The value of grant programs of defense articles for African countries in fiscal year [1965] 1966, pursuant to any authority contained in this part other than section 507, shall not exceed \$25,000,000.

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PART III

CHAPTER 1—GENERAL PROVISIONS

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SEC. 605. RETENTION AND USE OF *CERTAIN ITEMS AND FUNDS*.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgement of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such com-

modities may be used in furtherance of the purposes and within the limitations of this Act.

(c) *Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.*

(d) *Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose.*

* * * * *

SEC. 612. USE OF FOREIGN CURRENCIES.—(a) Except as otherwise provided in this Act and other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Education and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

(b)¹ * * *

[(c)] (b) Any Act of the Congress making appropriations to carry out programs under this or any other Act for United States operations abroad is hereby authorized to provide for the utilization of United States-owned excess foreign currencies to carry out any such operations authorized by law.

¹ Sec. 2(1) of P.L. 88-638 (Amendments to the Agricultural Trade Development and Assistance Act of 1954) amended subsection (b) by redesignating it as subsection (t) of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Secs. 2(2) and 2(3) of P.L. 88-638 further amended the subsection, which formerly read as follows:

“(b) In order to provide for the foreign currency needs of United States citizens for travel or other purposes, the Secretary of the Treasury may make available for sale for United States dollars to such citizens at United States embassies or other convenient locations, foreign currencies acquired by the United States through operations under this Act, the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or the Agricultural Trade Development and Assistance Act of 1954, as amended which (1) he determines to be in excess of the needs of departments and agencies of the United States for such currencies, and (2) are not prohibited from such use or committed to other uses by agreement heretofore entered into with another country. United States dollars received from the sale of foreign currencies under this subsection shall be deposited in the Treasury as miscellaneous receipts.”

The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned excess foreign currencies are utilized, in lieu of dollars. As used in this subsection, the term "excess foreign currencies" means foreign currencies or credits owned by or owed to the United States which are, under applicable agreements with the foreign country concerned, available, for the use of the United States Government and are determined by the President to be excess to the normal requirements of departments and agencies of the United States for such currencies or credits and are not prohibited from use under this subsection by an agreement entered into with the foreign country concerned.

* * * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE [TO CUBA AND CERTAIN OTHER COUNTRIES].—(a)(1) No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(2) Except as may be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this Act to any government of Cuba, nor shall Cuba be entitled to receive any quota authorizing the importation of Cuban sugar into the United States or to receive any other benefit under any law of the United States, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

(3) No funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than 60 days after the date of enactment of the Foreign Assistance Act of 1963—

(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba

(other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection maybe waived by the President where he determines that such waiver is in the national security interest.

(e)(1) The President shall suspend assistance to the government of any country to which assistance is provided under this or any other Act when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(A) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(B) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(C) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in con-

vertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in subparagraphs (A), (B), or (C) of paragraph (1) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan No. 1 of 1954, 68 Stat. 1279) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(2) Notwithstanding any other provision of law, no court in the United States shall decline on the ground of the federal act of state doctrine to make a determination on the merits giving effect to the principles of international law in a case in which a claim of title or other right is asserted by any party including a foreign state (or a party claiming through such state) based upon (or traced through) a confiscation or other taking after January 1, 1959, by an act of that state in violation of the principles of international law, including the principles of compensation and the other standards set out in this subsection: *Provided*, That this subparagraph shall not be applicable (1) in any case in which an act of a foreign state is not contrary to international law or with respect to a claim of title or other right acquired pursuant to an irrevocable letter of credit of not more than 180 days duration issued in good faith prior to the time of the confiscation or other taking, or (2) in any case with respect to which the President determines that application of the act of state doctrine is required in that particular case by the foreign policy interests of the United States and a suggestion to this effect is filed on his behalf in that case with the court, or (3) in any case in which the proceedings are commenced after January 1, **[1966]** 1967.

(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and

Union of Soviet Socialist Republics (including its captive constituent republics).

(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

(i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

(1) the United States,

(2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

(j) No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this Act.

(k) Until the enactment of the Foreign Assistance Act of 1965 or other general legislation, during the calendar year 1965, authorizing additional appropriations to carry out programs of assistance under this Act, no assistance shall be furnished under this Act to any country for construction of any productive enterprise with respect to which the aggregate value of such assistance to be furnished by the United States will exceed \$100,000,000. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

(l) No assistance shall be provided under this Act after December 31, [1965] 1966, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b)(1) of this Act, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b)(1).

(m) No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under part II hereof during each fiscal year in an amount not to exceed \$500,000.

(n) *Until the President determines that North Vietnam has ceased all efforts to overthrow the Government of South Vietnam, no funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—*

(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

* * * * *

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance (*including any civic action and sales program*) are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program (*including any civic action and sales program*) for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

* * * * * *

SEC. 624. STATUTORY OFFICER.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in [paragraph (3) of] subsection (a) of this section in the event of the absence, death, resignation, or disability [of the officers provided for in paragraphs (1) and (2) of that subsection] *of one or more of said officers.*

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d)(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, who shall be appointed by the President by and with the advice and consent of the Senate, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, and programs being conducted

by United States Government agencies under [Public Law 86-735] *the Latin American Development Act, as amended*, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or II of this Act, and [Public Law 86-735] *the Latin American Development Act, as amended*, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State.

This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or II of this Act, and [Public Law 86-735] *the Latin American Development Act, as amended*, and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed one hundred and ten may be appointed, compensated or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), but not in excess of the highest rate of grade 18 of such general schedule: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appoint-

ment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, but not in excess of the highest rate of grade 18 of such general schedule. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of appointment or assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to the assignment to such duty of more than [twenty] fifty persons at any one time.

* * * * *

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of

\$100 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, subject to section 201 of the Dual Compensation Act.

(c) * * * [Repealed—1964]

[(d)] (c) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

* * * * *

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization, to reimburse the United States Government for compensation, travel expenses, *benefits* and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, *benefits* or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, *benefits* and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

* * * * *

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayments (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans *and sales* under this Act, the President—

(1) may issue letters of credit and letters of commitment;
 (2) may collect or compromise any obligations assigned to, or held by, any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights

or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds available under titles II, V, and VI of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

(k) Any cost-type contract or agreement (including grants) entered into with a university, college, or other educational institution for the purpose of carrying out programs authorized by part I may provide for the payment of the reimbursable indirect costs of said university, college, or other educational institution on the basis of predetermined fixed-percentage rates applied to the total, or an element thereof, of the reimbursable direct costs incurred.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) * * *

* * * * *

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under [section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)] *section 301 of the Dual Compensation Act (5 U.S.C. 3105)*, and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by

any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the [Act to provide for assistance in the development of Latin America and in the reconstruction of Chile and for other purposes] *Latin American Development Act, as amended* (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

* * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1965] 1966 not to exceed [\$52,500,000] \$53,240,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

SEC. 638. PEACE CORPS ASSISTANCE.—No provision of this Act shall be construed to prohibit assistance to any country pursuant to the Peace Corps Act, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended, or the Export-Import Bank Act of 1945, as amended [; or famine or disaster relief, including such relief through voluntary agencies, under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended].

SEC. 639. FAMINE AND DISASTER RELIEF.—*No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.*

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

Sec. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections [143,] 402, 408, 414, 417, 502(a), 502(b), 514, 523(d), and 536) [; *Provided,* That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act];

- (3) section 12 of the Mutual Security Act of 1955;
- (4) sections 12, 13, and 14 of the Mutual Security Act of 1956;
- (5) section 503 of the Mutual Security Act of 1958;
- (6) section 108 of the Mutual Security Appropriation Act, 1959;
- (7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and
- (8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

* * * * *

SEC. 644. DEFINITIONS.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) “Armed Forces” of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) “Commodity” includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) “Defense article” includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) “Defense information” includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) “Defense service” includes any service, test, inspection, repair, training including orientation; training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government, *and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order*, which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations [as grant assistance] under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carry-over, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such *standard price* shall be the same [standard price] *price (including authorized reduced prices)* used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations under this Act, the contract of production costs of such articles. Military assistance *and sales* programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency [by the military assistance program].

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, the Mutual Security Act of 1954, as amended or [Public Law 86-735] *the Latin American Development Act, as amended* are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

* * * * *

SECTION 107 OF THE AGRICULTURE TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 107. As used in this Act, “friendly nation” means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement or (3) for the purpose only of title I any nation or area dominated or controlled by a Communist government, or (4) for the purpose only of title I any nation which permits ships or aircraft under its registry to transport to or from Cuba (excluding United States installations in Cuba) any equipment, materials, or commodities, so long as Cuba is governed by the Castro regime. Notwithstanding any other Act, the President is authorized to enter into agreements for the sale of surplus agricultural commodities for dollars under title IV with nations which fall within the definition of “friendly nation” for the purpose of that title. In the case of any such agreement which would be prohibited by any other Act but for the foregoing sentence the maximum payment period shall be five years, instead of twenty years.

The President is directed that no sales under this Act shall be made with any country if he finds such country is (a) an aggressor, in a military sense, against any country having diplomatic relations with the United States, or (b) using funds of any sort from the United States for purposes inimical to the foreign policies of the United States.

No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.

MINORITY VIEWS

Each year we have set forth very basic reasons why the vast expenditure of billions of dollars for foreign aid represents an investment in which prudent men would not indulge. Each year, oblivious to the wishes of a big majority of American taxpayers, the program, in its present form, has gone on to a point now where we are financing commodities, equipment, projects, and whole programs to some eighty-odd countries, some of which are Communist inclined. Each year, the bureaucracy administering this sprawling monster increases; AID personnel in Washington numbers nearly 3,000—just about the largest in the history of the program.

Now, finally, a crescendo of protest has reached such proportions from over America, that all signs indicate that it will be heeded. The end of foreign aid in its present form is plainly in sight.

This year we have chosen to identify some of the major areas of weakness, but strongly emphasize that these are not all that exist. To attempt to cover the field would result in a report of encyclopedic proportions. The American people are entitled to know, and we have set forth in detail facts that showing that:

The drain on the U.S. gold stocks are a direct result of the aid program;

The United States has a total of over a billion dollars in foreign currency in almost every country of the world, some of which could be used to lessen the strain on our dollars;

The cost of the foreign aid package is greatly in excess of the "barebones" amount requested by the executive branch;

The Congress is increasingly abdicating its responsibility to control the funds requested for foreign aid;

The unexpended balances (pipeline) in the program after June 30 this year will total over \$9 billion—many times the amount actually being authorized this year and accountability is being lost;

There is inadequate review of the expenditures under the foreign aid program;

There seems to be a general lack of concern for congressional intent expressed in some instances in the hearings on foreign aid and sometimes in the law itself;

Some actions being taken under the program may be detrimental to American business interest;

The use of contractual technical and advisory services by AID is being used far to excess;

Civic action projects financed under military assistance are being broadened to include large-scale economic assistance projects, rather than being limited to a grassroots approach which has been its primary virtue in the past;

Economic assistance is not sufficiently reaching the people of the aid-recipient countries; and

The policy of increased East-West trade could very well be detrimental to the peoples of the Communist captive nations.

FOREIGN AID AND THE GOLD FLOW

Supporters of the program contend that the vast outpouring of billions annually on foreign aid really does not have any effect on the U.S. balance of payments or gold flow since 85 percent or more of the dollars made available for foreign aid are being spent in the United States. This is a spurious contention. It would be true only if the dollars spent resulted in an increase in exports from the United States. Unfortunately, this is not the case. For example, in six countries receiving so-called program loans, which are used to purchase commodities or equipment, dollar expenditures totaled over half a billion dollars in 1964. Exports from the United States to those countries are estimated to be increased about \$60 million in the same period.

Imports from the United States

[In millions]

	1963	1964	Program loan expenditures, calendar 1964
India.....	\$728	\$820	\$214.3
Israel.....	185	208	19.1
Pakistan.....	392	393	139.7
Turkey.....	212	177	64.3
Brazil.....	457	440	50.0
Chile.....	224	220	80.1
Total.....	2,198	2,258	567.5

AID estimates that this type of loan is expected to represent 50 to 60 percent of the development lending in fiscal year 1966 (about \$700 million) and if the same conditions continue to exist, we will be in a still worse position a year or two hence.

U.S. bilateral aid to Latin America has increased on a net basis from \$212 million in 1956 to \$630 million in 1963. At the same time, the U.S. share of total imports of Latin America has declined consistently by about 1 percent a year over the 1956-63 period. These facts tend to prove conclusively that AID's technique of letter of credit sales of U.S. goods and services to Latin American countries are being substituted for commercial sales and that the foreign exchange saved in the process is being used to purchase goods from third countries.

Outstanding economists and financial analysts have testified before the committee and have made many public statements that our continuing outflow of dollars is directly related to our massive foreign aid gifts which transfers dollars overseas. This sustained and growing negative balance of payments has resulted in increased foreign claims against our gold. The European Monetary Committee indicated in its annual report, issued recently, that six nations of the European Common Market are likely to draw on the United States for more gold this year than last. This is ascribed to the fact that the developing countries which receive U.S. aid in dollars will be spending more of those dollars to buy goods from the Common Market countries which will then purchase gold with these dollars, thereby depleting our gold stocks still further.

The March 1965 issue of Survey of Current Business published by the Department of Commerce devotes much of its content to the U.S. balance of payments in 1964. For 1964 as a whole, the adverse balance (as measured by changes in monetary reserves and liquid liabilities to foreigners) amounted to \$2.8 billion. Of this total, the fourth quarter alone accounted for \$1.3 billion. In analyzing the factors affecting the balance, the article notes that:

The deterioration in the U.S. balance with the less-developed countries reflect increased U.S. capital flows and government grants which were not fully offset by the rise in the U.S. export surplus.

Government grants (excluding military) and capital outflows for 1963 and 1964 are as follows:

[In millions]

	Calendar years—	
	1963	1964
Outflows under assistance programs:		
Under farm products disposal programs.....	\$1.668	\$1.771
Under Foreign Assistance Act and related programs.....	2.145	2.011
Under Export-Import Bank Act.....	509	338
Subscriptions to IDA and IDB.....	62	112
Other assistance programs.....	97	158
Foreign currency claims acquired in the collection of—		
Principal.....	94	87
Interest.....	143	170
Less: Foreign currencies used for U.S. Government uses other than grants or loans.....	231	322
Advances under exchange stabilization agreement (net).....	25	—30
Other (net).....	5	—18
Total, Government grants and capital outflows.....	4,522	4,277

BETTER USE OF U.S.-OWNED FOREIGN CURRENCIES

We are convinced that maximum use has not been made of U.S.-owned foreign currencies in lieu of dollar expenditures in aid recipient countries. Certainly, it is in the U.S. interest to use these currencies wherever possible in place of dollars particularly in view of our current balance-of-payments dilemma. As of December 31, 1964, the United States had available for nonrestricted use \$1.2 billion in seven excess currency countries (where the supply available substantially exceeds the U.S. normal operating requirements) and about \$100 million in nonexcess countries around the globe.

The General Accounting Office, "watchdog of the Congress," recently found that AID unnecessarily spent \$3.8 million to finance goods produced in one aid-receiving country for shipment to other aid-receiving countries. The United States had sufficient foreign currency of its own to purchase the goods, and an agreement with the country permitted such usage. Instead, dollar purchases were made. In other instances, various U.S. Government agencies were found to be spending dollars for air travel by their personnel rather than using U.S.-owned foreign currency which was available for such use. About \$2.3 million annually applicable to eight countries is estimated to be expended unnecessarily. The United States is losing the equivalent of millions of dollars annually because in many countries, its foreign currency holdings are being deposited in non-interest-bearing ac-

counts. A potential \$7 million in interest was lost in the Republic of China alone over a 2-year period because U.S. agencies had not negotiated with the Chinese Government to pay interest on the large holdings of U.S.-owned foreign currency in that country. The management of these currencies is so diffused among the Departments of State and Treasury and AID that it is impossible to pinpoint responsibility under the present setup to take proper corrective action.

COST OF FOREIGN AID PACKAGE FAR IN EXCESS OF "BAREBONES" REQUEST

We cannot, in good conscience, support or endorse a foreign aid package that approximates nearly twice as much as the President's "barebones" request of \$3.4 million. While the new authorization request for fiscal year 1966 is slightly over \$2 billion, amounts previously authorized bring the total to \$3,380,000. When other appropriation requests for foreign assistance are added in, the total identifiable amount for fiscal year 1966 is about \$6 billion, as follows:

Foreign Assistance Act:	
Economic assistance.....	\$2, 197, 670, 000
Military assistance.....	1, 170, 000, 000
Peace Corps.....	115, 000, 000
Food for peace (Public Law 480).....	1, 658, 000, 000
Inter-American Development Bank:	
Fund for Special Operations.....	¹ 500, 000, 000
Capital stock subscriptions.....	206, 000, 000
International Development Association (IDA).....	104, 000, 000
	<hr/>
	5, 950, 670, 000

¹ Includes \$250,000,000 supplemental request for fiscal year 1965

This does not include about \$3 billion annually for U.S. military expenditures abroad and other hidden benefits such as favorable tariffs on beef imports, coffee agreements, and world sugar quotas.

Also not included this year is a blank check standby authority for Vietnam. Last year, pursuant to Executive request, the committee authorized \$125 million additional for use in Vietnam.

A more prudent use of excess Government-owned property by AID, as provided by law, could lessen the annual request for additional funds by many millions of dollars each year. The General Accounting Office found that in five countries where that Office reviewed the use being made of excess Government-owned property, about \$3 million in new purchases could have been avoided if excess property already owned by AID or available from other Federal agencies had been used.

It seems apparent that the bones have considerably more fat than the executive branch would have us believe.

ABDICATION OF CONGRESSIONAL CONTROL OVER FUNDS

The growing tendency to lessen congressional control over the foreign assistance program is probably causing our forefathers to turn over in their graves. The Constitution very carefully established the right of the Congress to control the Nation's purse strings. The long history of legislative review established the authorization process as an integral part of this control. Yet today, when the world situation requires close and more frequent scrutiny by a responsible committee, it is being lessened.

By giving the President standby authority in Vietnam to use whatever sums he wishes in fiscal year 1966, just so long as the Congress is told about it, this committee has abdicated its responsibility in the most critical area of the world today. The argument advanced that time might be of the essence is a specious one. This committee found it could work with alacrity, if need be, when it approved funds for the new Saigon Embassy just 24 hours after the President requested the funds. Just this week, the Congress again demonstrated its ability to move with utmost speed in the Vietnam crisis when it approved the President's request for funds for Vietnam one day after the request was made.

The committee relinquished all control over the Inter-American Development Bank which formerly administered the Social Progress Trust Fund (SPTF) which was supplanted by the Fund for Special Operations. This \$750 million grab was the successor to the Social Progress Trust Fund (SPTF), which had been previously authorized by this committee—a fund also totaling \$750 million on which the Congress failed to place any checks or audits, either by the executive or the legislative branch. Earlier this year, funds for disarmament control were authorized to be made available to the executive branch on a 3-year basis, the longest period in the history of the agency administering those funds.

There are other provisions in this year's bill—relatively obscure—which will give the executive branch new authority to spend many millions of dollars without congressional review. For example, the Department of Defense (DOD) has a rather large-scale sales organization peddling arms around the world. In this connection, we understand that our European allies are disturbed by this action since it is injurious to their own economies. Up to now, all costs of the sales organization were charged to the military assistance appropriation; interest and other fees received presently amounting to \$30 to \$40 million annually went back to the general fund of the Treasury. Under the new legislation, a revolving fund is established to finance overhead costs which completely does away with congressional control. In a similar manner, authority has been given to AID to reuse refunds amounting to some \$15 million annually received from aid-recipient countries on account of expenditures made illegally or without regard to regulation (purchase of eye shadow, contraceptives, etc.). Under normal procedure, refunds from prior year appropriations are returned to the Treasury. This year, also, DOD is being given authority to reuse cash proceeds received from the sale of material returned from countries no longer able to use it. Up to now, these funds, amounting to some \$4 million a year, were returned to the Treasury.

PIPELINE

Each year foreign assistance funds are authorized and appropriated far beyond the amount needed to carry out well worked out projects and programs ready to be financed. This action results in a so-called pipeline, a reservoir of available money from prior years' appropriations. These funds, when added to the sum authorized in this bill, makes the total available for expenditures after fiscal year 1965 \$9.6 billion. Details follow:

[In thousands of dollars]

	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Development loans.....	2,018,772	1,977,926
Development grants.....	302,173	348,633
Aliance for Progress.....	1,304,608	1,447,698
Loans.....	782,307	1,012,136
Grants.....	111,702	114,562
Chile reconstruction and rehabilitation.....	9,599	0
IDB trust fund.....	401,000	321,000
Supporting assistance.....	320,645	371,550
Contingency fund.....	186,905	124,216
International organizations.....	69,409	78,681
Other programs.....	-2,421	4,893
Total economic assistance.....	4,200,091	4,353,597
Europe.....	14,966	
Africa.....	500,502	520,566
Near East and south Asia.....	1,646,307	1,605,262
Far East.....	530,292	545,516
Latin America.....	1,407,963	1,552,885
Nonregional.....	100,061	129,368
Total, economic assistance.....	4,200,091	4,353,597
Military Assistance (pipeline).....		1,922,900
Total authorizations, fiscal year 1966, (including amounts previously authorized):		
Economic assistance.....		2,197,670
Military assistance.....		1,170,000
Total funds available for expenditure.....		9,644,467

AID pipeline—European countries

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Berlin:		
Supporting assistance.....	338	
Contingency fund.....	1	
Total, Berlin.....	339	
Iceland: Contingency fund.....	8	
Spain:		
Development loans.....	3,648	
Development grants.....	6	
Supporting assistance.....	2,760	
Contingency fund.....		
Total, Spain.....	6,414	
Yugoslavia:		
Development loans.....	7,998	
Development grants.....	207	
Contingency fund.....		
Total, Yugoslavia.....	8,205	
European summary:		
Development loans.....	11,646	
Development grants.....	213	
Supporting assistance.....	3,098	
Contingency fund.....	9	
Total, Europe.....	14,966	

AID pipeline—African countries

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Algeria:		
Development grants.....	1,275	1,508
Supporting assistance.....	349	149
Contingency fund.....	58	
Total, Algeria.....	1,682	1,657
Burundi: Development grants.....	472	638
Cameroon:		
Development loans.....	9,200	8,800
Development grants.....	1,564	1,932
Supporting assistance.....	712	212
Contingency fund.....		
Total, Cameroon.....	11,476	10,944
Central African Republic:		
Development grants.....	1,486	1,181
Contingency fund.....		
Total, Central African Republic.....	1,486	1,181
Chad:		
Development grants.....	1,283	1,368
Contingency fund.....		
Total, Chad.....	1,283	1,368
Congo (Brazzaville):		
Development loans.....	2,700	
Development grants.....	709	469
Contingency fund.....		
Total, Congo (Brazzaville).....	3,409	469
Congo (Léopoldville):		
Development grants.....	2,727	2,555
Supporting assistance.....	20,000	17,000
Contingency fund.....	-4	
Total, Congo (Léopoldville).....	22,723	19,555
Dahomey: Development grants.....	704	710
Ethiopia:		
Development loans.....	7,141	3,141
Development grants.....	6,939	8,286
Contingency fund.....	114	
Total, Ethiopia.....	14,194	11,427
Gabon: Development grants.....	899	587
Ghana:		
Development loans.....	76,253	73,253
Development grants.....	785	659
Contingency fund.....	20	
Total, Ghana.....	77,058	73,912
Guinea:		
Development grants.....	5,133	6,842
Supporting assistance.....	7,391	8,851
Contingency fund.....	110	
Total, Guinea.....	12,634	15,693
Ivory Coast:		
Development loans.....	6,700	6,200
Development grants.....	1,532	1,225
Contingency fund.....		
Total, Ivory Coast.....	8,232	7,425
Kenya:		
Development loans.....	2,200	2,500
Development grants.....	4,367	6,306
Contingency fund.....		
Total, Kenya.....	6,567	8,806

AID pipeline—African countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Liberia:		
Development loans.....	37,678	40,678
Development grants.....	11,128	11,675
Contingency fund.....	72	
Total, Liberia.....	48,878	52,353
Libya:		
Development loans.....	154	54
Development grants.....	1,224	922
Supporting assistance.....	216	121
Contingency fund.....	6	
Total, Libya.....	1,600	1,097
Malagasy Republic:		
Development loans.....		
Development grants.....	577	722
Contingency fund.....		
Total, Malagasy Republic.....	577	722
Malawi: Development grants.....	2,491	3,291
Mali:		
Development loans.....	3,200	2,300
Development grants.....	1,363	1,698
Supporting assistance.....	655	100
Contingency fund.....	1,284	164
Total, Mali.....	6,502	4,262
Mauritania:		
Development grants.....	225	206
Supporting assistance.....		
Contingency fund.....	1	
Total, Mauritania.....	226	206
Morocco:		
Development loans.....	16,975	12,775
Development grants.....	750	925
Supporting assistance.....	28,778	20,278
Contingency fund.....	3,653	1,053
Total, Morocco.....	50,156	35,031
Niger:		
Development loans.....	2,300	1,800
Development grants.....	1,012	1,041
Contingency fund.....		
Total, Niger.....	3,312	2,841
Nigeria:		
Development loans.....	43,404	71,204
Development grants.....	28,714	31,914
Contingency fund.....	566	66
Total, Nigeria.....	72,684	103,184
Rwanda:		
Development grants.....	530	616
Supporting assistance.....		800
Total, Rwanda.....	530	1,416
Senegal:		
Development loans.....	1,300	1,100
Development grants.....	728	503
Contingency fund.....		
Total, Senegal.....	2,028	1,603
Sierra Leone:		
Development loans.....		
Development grants.....	2,948	3,474
Contingency fund.....	26	
Total, Sierra Leone.....	2,974	3,474

AID pipeline—African countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Somali Republic:		
Development loans.....	4,915	3,415
Development grants.....	6,527	7,069
Contingency fund.....	4	
Total, Somali Republic.....	11,446	10,484
Southern Rhodesia: Development grants.....	117	17
Sudan:		
Development loans.....	5,800	4,300
Development grants.....	6,941	5,995
Contingency fund.....	6	
Total, Sudan.....	12,747	10,295
Tanzania:		
Development loans.....	10,758	4,958
Development grants.....	4,136	7,761
Contingency fund.....		
Total, Tanzania.....	14,894	12,719
Togo:		
Development grants.....	558	437
Contingency fund.....	28	
Total, Togo.....	586	437
Tunisia:		
Development loans.....	70,718	56,118
Development grants.....	4,636	4,150
Supporting assistance.....	875	25
Contingency fund.....		
Total, Tunisia.....	76,229	60,293
Uganda:		
Development loans.....	4,800	2,800
Development grants.....	3,449	4,375
Total, Uganda.....	8,249	7,175
Upper Volta:		
Development grants.....	575	655
Contingency fund.....	4	
Total, Upper Volta.....	579	655
Regional U.S. AID: Development grants.....	232	621
Regional:		
Development loans.....	1,500	2,400
Development grants.....	17,933	21,700
Contingency fund.....		
Supporting assistance.....		900
Total, regional.....	19,433	25,000
Other loan programs.....		27,200
Zambia:		
Development grants.....	1,181	1,817
Contingency fund.....	31	
Total, Zambia.....	1,212	1,817
Africa, summary:		
Development loans.....	307,696	324,996
Development grants.....	127,851	145,851
Supporting assistance.....	58,976	48,436
Contingency fund.....	5,979	1,283
Total, Africa.....	500,502	520,566

AID pipeline—Near East and south Asian countries

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Afghanistan:		
Development loans.....	10,830	14,100
Development grants.....	17,715	19,392
Supporting assistance.....	4,399	3,809
Contingency fund.....	17,907	10,550
Total, Afghanistan.....	50,851	47,851
Ceylon:		
Development loans.....	72	
Development grants.....		
Contingency fund.....		
Total, Ceylon.....	72	
Cyprus:		
Development loans.....	2,275	2,025
Development grants.....	632	382
Total, Cyprus.....	2,907	2,407
Greece:		
Development loans.....	56,296	24,367
Development grants.....	6	
Supporting assistance.....	540	500
Contingency fund.....	25	
Total, Greece.....	56,867	24,867
India:		
Development loans.....	735,566	740,180
Development grants.....	14,105	15,000
Total, India.....	749,671	755,180
Iran:		
Development loans.....	23,132	29,172
Development grants.....	3,713	4,059
Supporting assistance.....	300	
Contingency fund.....	21	
Total, Iran.....	27,166	33,231
Iraq: Development grants.....	934	500
Israel:		
Development loans.....	50,664	44,650
Development grants.....	5	
Supporting assistance.....		
Total, Israel.....	50,669	44,650
Jordan:		
Development loans.....	2	
Development grants.....	7,377	9,037
Supporting assistance.....		5,730
Contingency fund.....		
Total, Jordan.....	7,379	14,767
Lebanon:		
Development loans.....	870	
Development grants.....	298	
Total, Lebanon.....	1,168	
Nepal:		
Development loans.....	1,342	452
Development grants.....	4,432	5,298
Contingency fund.....		
Total, Nepal.....	5,774	5,750

AID pipeline—Near East and south Asian countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Pakistan:		
Development loans.....	375,326	364,969
Development grants.....	11,577	12,650
Supporting assistance.....	409	409
Contingency fund.....	113	
Total, Pakistan.....	387,425	378,028
Saudi Arabia: Supporting assistance.....	3	
Syrian Arab Republic:		
Development loans.....	15,756	13,856
Development grants.....	894	644
Contingency fund.....		
Total, Syrian Arab Republic.....	16,650	14,500
Turkey:		
Development loans.....	193,541	208,555
Development grants.....	4,638	5,295
Supporting assistance.....	7,257	1,750
Contingency fund.....	56	
Total, Turkey.....	205,492	215,600
United Arab Republic:		
Development loans.....	38,877	22,723
Development grants.....	3,026	4,250
Supporting assistance.....		
Contingency fund.....	5,320	3,000
Total, United Arab Republic.....	47,223	29,973
Yemen:		
Supporting assistance.....	2,432	4,400
Contingency fund.....	66	
Total, Yemen.....	2,498	4,400
CENTO:		
Development grants.....	68	98
Supporting assistance.....	26,088	25,500
Total, CENTO.....	26,156	25,598
Regional NESAs:		
Development grants.....	6,645	7,460
Supporting assistance.....	715	500
Contingency fund.....	42	
Total, regional NESAs.....	7,402	7,960
Near East and south Asia, summary:		
Development loans.....	1,504,549	1,465,049
Development grants.....	76,065	84,065
Supporting assistance.....	42,143	42,598
Contingency fund.....	23,550	13,550
Total, Near East and south Asia.....	1,646,307	1,605,262

AID pipeline—Far East countries

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Burma:		
Development grants.....	9,642	5,742
Supporting assistance.....	2,040	3,065
Contingency fund.....		
Total, Burma.....	11,682	8,807
Cambodia:		
Development grants.....	5,735	4,135
Supporting assistance.....	1,787	1,250
Contingency fund.....	4,297	2,200
Total, Cambodia.....	11,819	7,585
China:		
Development loans.....	81,263	66,025
Development grants.....	2,247	1,297
Supporting assistance.....	1	
Contingency fund.....	201	
Total, China.....	83,712	67,322
Indonesia:		
Development loans.....	4,143	2,170
Development grants.....	13,323	15,023
Supporting assistance.....	1,745	
Contingency fund.....	6,283	
Total, Indonesia.....	25,494	17,193
Japan:		
Development grants.....		
Supporting assistance.....	27	
Total, Japan.....	27	
Korea:		
Development loans.....	65,060	76,060
Development grants.....	11,939	8,739
Supporting assistance.....	78,138	59,724
Contingency fund.....		
Total, Korea.....	155,137	144,523
Laos:		
Development grants.....	4,985	12,385
Supporting assistance.....	18,774	21,453
Contingency fund.....	10,275	
Total, Laos.....	34,034	33,838
Malaysia: Development loans.....	1,389	
Philippines:		
Development loans.....	10,911	9,011
Development grants.....	4,559	5,289
Supporting assistance.....		
Total, Philippines.....	15,470	14,300
Thailand:		
Development loans.....	14,341	25,841
Development grants.....	7,830	9,290
Supporting assistance.....	6,434	2,822
Contingency fund.....	6,614	2,514
Total, Thailand.....	35,219	40,467
Vietnam:		
Development loans.....	17,774	8,774
Development grants.....	10,101	11,801
Supporting assistance.....	83,708	162,520
Contingency fund.....	39,926	24,926
Total, Vietnam.....	151,509	208,021

AID pipeline—Far East countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Western Samoa: Contingency fund.....		
Regional:		
Development loans.....	2,327	2,987
Supporting assistance.....	2,473	473
Contingency fund.....		
Total, regional.....	4,800	3,460
Far East summary:		
Development loans.....	194,881	187,881
Development grants.....	72,688	76,688
Supporting assistance.....	195,127	251,307
Contingency fund.....	67,596	29,640
Total, Far East.....	530,292	545,516

AID pipeline—Latin American countries

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Argentina:		
Alliance for Progress.....	88,197	73,477
Loans.....	85,433	70,433
Grants.....	2,764	3,044
Contingency fund.....	20,000	18,000
Total, Argentina.....	108,197	91,477
Bolivia:		
Alliance for Progress.....	65,505	60,105
Loans.....	58,768	53,768
Grants.....	6,737	6,337
Supporting assistance.....	7,327	5,927
Contingency fund.....	3,616	1,616
Total, Bolivia.....	76,448	67,648
Brazil:		
Alliance for Progress.....	173,536	323,236
Loans.....	148,520	298,520
Grants.....	25,016	24,716
Contingency fund.....	50,000	45,000
Total, Brazil.....	223,536	368,236
Chile:		
Alliance for Progress.....	73,877	130,148
Loans.....	58,920	123,920
Grants.....	5,358	6,228
Reconstruction and rehabilitation.....	9,599	0
Contingency fund.....	59	
Total, Chile.....	73,936	130,148

AID pipeline—Latin American countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Colombia:		
Alliance for Progress.....	105,891	129,961
Loans.....	101,248	126,248
Grants.....	4,643	3,713
Contingency fund.....		
Total, Colombia.....	105,891	129,961
Costa Rica:		
Alliance for Progress.....	23,392	22,821
Loans.....	20,947	20,447
Grants.....	2,445	2,374
Contingency fund.....		
Total, Costa Rica.....	23,392	22,821
Dominican Republic:		
Alliance for Progress.....	2,901	5,601
Loans.....	2,076	4,076
Grants.....	825	1,525
Contingency fund.....	691	
Supporting assistance.....		10,009
Total, Dominican Republic.....	3,592	15,610
Ecuador:		
Alliance for Progress.....	36,627	34,947
Loans.....	31,530	30,430
Grants.....	5,097	4,517
Contingency fund.....	52	
Total, Ecuador.....	36,679	34,947
El Salvador:		
Alliance for Progress.....	25,790	23,860
Loans.....	23,097	21,297
Grants.....	2,693	2,563
Contingency fund.....		
Total, El Salvador.....	25,790	23,860
Guatemala:		
Alliance for Progress.....	14,152	15,672
Loans.....	10,494	11,494
Grants.....	3,658	4,178
Contingency fund.....	6	
Total, Guatemala.....	14,158	15,672
Haiti:		
Alliance for Progress.....	35	
Loans.....	35	
Grants.....		
Supporting assistance.....	569	169
Contingency fund.....		
Total, Haiti.....	604	169

AID pipeline—Latin American countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Honduras:		
Alliance for Progress.....	11,432	12,412
Loans.....	8,571	10,271
Grants.....	2,861	2,141
Supporting assistance.....	216	
Contingency fund.....		
Total, Honduras.....	11,648	12,412
Mexico:		
Alliance for Progress.....	40,323	30,318
Loans.....	40,000	30,000
Grants.....	323	318
Contingency fund.....		
Total, Mexico.....	40,323	30,318
Nicaragua:		
Alliance for Progress.....	10,142	16,460
Loans.....	7,368	13,568
Grants.....	2,774	2,892
Panama:		
Alliance for Progress.....	17,488	15,638
Loans.....	16,229	14,229
Grants.....	1,259	1,409
Supporting assistance.....	360	
Contingency fund.....	4,318	5,813
Total, Panama.....	22,166	21,451
Paraguay:		
Alliance for Progress.....	7,861	6,891
Loans.....	5,879	5,379
Grants.....	1,982	1,512
Peru:		
Alliance for Progress.....	91,017	102,157
Loans.....	81,900	92,900
Grants.....	9,117	9,257
Contingency fund.....	288	
Total, Peru.....	91,305	102,157
Uruguay:		
Alliance for Progress.....	9,080	7,046
Loans.....	6,691	4,691
Grants.....	2,389	2,355
Venezuela:		
Alliance for Progress.....	41,495	31,497
Loans.....	40,086	30,086
Grants.....	1,409	1,411
Contingency fund.....		
Total, Venezuela.....	41,495	31,497
British Guiana:		
Alliance for Progress: Grants.....	432	652
Contingency fund.....	3	3,803
Total, British Guiana.....	435	4,455

AID pipeline—Latin American countries—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
British Honduras:		
Alliance for Progress: Grants.....	61	36
Contingency fund.....		
Total, British Honduras.....	61	36
Surinam:		
Alliance for Progress: Grants.....	56	16
Supporting assistance.....		500
Total, Surinam.....	56	516
Jamaica:		
Alliance for Progress.....	8,690	8,580
Loans.....	7,800	7,735
Grants.....	890	845
Contingency fund.....		
Total, Jamaica.....	8,690	8,580
Trinidad-Tobago:		
Alliance for Progress: Grants.....	369	169
Supporting assistance.....	12,491	12,491
Contingency fund.....	3,359	1,859
Total, Trinidad-Tobago.....	16,219	14,519
IDB Trust Fund: Alliance for Progress.....	401,000	321,000
ROCAP:		
Alliance for Progress.....	33,218	50,247
Loans.....	26,715	42,644
Grants.....	6,503	7,603
Regional:		
Alliance for Progress: Grants.....	22,041	24,751
Contingency fund.....		
Total, regional.....	22,041	24,751
Latin America, Summary:		
Alliance for Progress.....	903,608	1,126,698
Loans.....	782,307	1,012,136
Grants.....	111,702	114,562
Chile reconstruction and rehabilitation.....	9,599	
Supporting assistance.....	20,963	29,096
Contingency fund.....	82,392	76,091
Total, Latin America.....	1,006,963	1,231,885
Social Progress Trust Fund.....	401,000	321,000

AID pipeline—Nonregional

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
U.N. technical assistance:		
International organizations.....	34,494	27,116
Contingency fund.....	836	
Total, UNTA.....	35,330	27,116
U.N. Emergency Force: International organizations.....		
Indus waters:		
International organizations.....	4,104	24,104
Contingency fund.....		
Total, Indus waters.....	4,104	24,104
U.N. Congo:		
International organizations.....	12,969	12,969
Contingency fund.....		
Total, U.N. Congo.....	12,969	12,969
U.N. Children's Fund: International organizations.....	7,787	6,787
NATO science:		
International organizations.....		
Contingency fund.....		
U.N. Relief and Works Agency:		
International organizations.....	8,000	6,500
Contingency fund.....		
Total UNRWA.....	8,000	6,500
International Control Commission, Laos: International organizations.....		
U.N. peacekeeping foreign, Cyprus: Contingency fund.....	2,724	1,000
Afro-Malagasy Organization for Economic Cooperation: International organizations.....		
Atoms for peace:		
Development grants.....	2,836	1,900
International organizations.....	1,805	1,205
Total, atoms for peace.....	4,641	3,105
Malaria eradication:		
Development grants.....	42	
International organizations.....		
Total, malaria eradication.....	42	
Community water supply:		
Development grants.....	87	
International organizations.....		
Total, community water supply.....	87	
WHO special programs: International organizations.....	250	
World food programs:		
International organizations.....		
Contingency fund.....		
NATO civilian headquarters: International organizations.....		
International Peace Corps Secretariat: International organizations.....		
Intergovernmental Committee for European Migration: Contingency fund.....		
OAS election observers: International organizations.....		
U.N. High Commission for Refugees: Contingency fund.....		
U.S. escapee program: Contingency fund.....	370	
Hungarian refugees: Contingency fund.....	25	
World Refugee Year: Contingency fund.....	20	
American schools and hospitals abroad:		
Other assistance.....	25,697	30,293
Contingency fund.....	2,652	2,652
Total, American schools and hospitals abroad.....	28,349	32,945
Investment incentive: Development grants.....	154	54
Investment surveys: Other assistance.....	901	1,531
Cuban refugee airlift: Contingency fund.....		
Cuban refugees: Contingency fund.....	12	
Law conference: Development grants.....		

AID pipeline—Nonregional—Continued

[In thousands of dollars]

Country and function	Unliquidated obligations and reservations, June 30, 1964	Estimated unexpended balance, June 30, 1965
Worldwide school facilities:		
Development grants.....	3,035	5,335
Supporting assistance.....	125	
Total, worldwide school facilities.....	3,160	5,335
Ocean freight voluntary relief:		
Development grants.....	1,251	1,500
Contingency fund.....		
Total, ocean freight voluntary relief.....	1,251	1,500
Disaster relief: Contingency fund.....	749	
Foreign scientist: Development grants.....	333	
Research: Development grants.....	8,723	13,700
Interregional programs:		
Development grants.....	8,796	15,941
Supporting assistance.....	213	113
Total, interregional programs.....	9,009	16,054
Administrative expenses, AID.....	6,402	8,349
Administrative expenses, State.....	56	197
Undistributed expenditures: Other assistance.....	-35,477	-35,477
Vitamin supplement, child feeding: Development grants.....		3,000
International Executive Service Corps: Development grants.....	99	599
Nonregional summary:		
Development loans.....		
Development grants.....	25,347	42,029
Supporting assistance.....	333	113
International organizations.....	69,409	78,681
Other assistance.....	-2,421	4,893
Contingency fund.....	7,388	3,652
Total, nonregional.....	100,061	129,368

To the extent funds in the pipeline represent commitments to pay for goods and services on order, to pay for services being performed under contracts, or for disbursements under loan agreements where the projects have been adequately developed and are moving forward—the funds are not available for other uses.

Unfortunately, AID still does not have adequate procedures or controls to know to what extent funds are being held in its missions overseas for some future expenditure completely unrelated to the purpose for which it was first set aside. In just one relatively small program, a staff survey team of the committee sent to Latin America last summer, found idle money of this nature. After it was brought to the attention of AID officials in Washington, the field mission was instructed to release the funds, almost half a million dollars. We view with deep concern the possibility that this condition could very well exist in many other of AID's field missions and that, in reality, AID has lost accountability for many millions of dollars.

Similarly, in regard to loans where much larger dollar amounts are involved, agreements are signed, funds are tied up and then may lie fallow for years. This is because the country is not willing to live up to the conditions of the loan or the money was committed prematurely in the Agency's usual end-of-year rush to obligate funds and before details of the projects have been worked out.

Last year, we commented on two cases of \$5 million each to Greece signed in November 1962 against which no expenditures were incurred.

As of December 31, 1964, these loans were still unused and we understand that it is doubtful whether the projects will ever move forward. In Ghana, not a dollar had been disbursed as of December 31, 1964, against a \$55 million loan agreement which was signed and the funds committed in June 1962. The number and amount of dollar loans signed prior to January 1, 1964, on which no disbursements had been made 1 year later is shown in the following schedule:

Region	Number of loans	Amount
Latin America.....	22	\$101, 200, 000
Near East and south Asia.....	13	92, 600, 000
Africa.....	19	102, 300, 000
Total.....	54	296, 100, 000

There is little incentive or need for AID to take action to cancel these loans and use them elsewhere because there is more money available for projects than there are projects ready to be financed.

AID has operated too long with the money pipeline filled to overflowing. A much more judicious management of funds could be accomplished if the gap between commitment and expenditure of funds could be narrowed.

AUDIT AND END-USE EXAMINATIONS

We are concerned with the inadequacy of independent reviews of expenditures under the foreign aid program. This committee provided the means under section 624 of the Foreign Assistance Act of 1961 for an independent review when it established the Office of the Inspector General, Foreign Assistance. Since that time, the committee has held no hearings, has seen no reports, and as far as we know, has had no indication whether or not that Office is serving as the independent "watchdog" it was designed to be. Neither the Inspector General nor any other audit agency of the United States has any authority to audit or examine the use of the \$750 million which this committee authorized for the Social Progress Trust Fund and is administered under an agent relationship by the Inter-American Development Bank. Similarly, there is no authority for any U.S. Government agency to examine or review the use of \$750 million made available to the Fund for Special Operations of the Inter-American Development Bank recently authorized by the Congress.

The General Accounting Office recently forwarded for the use of the Congress two reports also evidencing the inadequacy of review of funds authorized or appropriated for foreign aid use. In the first instance (GAO Rept. B-155180, dated Mar. 19, 1965), AID's oversea mission in Greece released to the Government of Greece counterpart funds equivalent to \$3.3 million for the stated purpose of "acquiring the necessary land and construction of a wholesale agricultural produce market for the city of Athens." The funds were released without the mission's having executed an agreement with the Government of Greece (1) defining the size and scope of the project and market features for which the funds were to be used; or (2) prescribing administrative control arrangements for the project. The mission had informa-

tion on which to base such an agreement and Agency policy at that time required that conditions be agreed upon in advance of the release of funds. In the second instance, the GAO found in its review of financial claims for logistic support of U.N. forces in Korea that after 13 years of negotiating, starting in 1951, France owes us \$9 million, and smaller amounts are due from Australia, New Zealand, and the United Kingdom. In addition to the above, there is a total of about \$195 million long overdue from a number of countries; the Department of State believes most of the amount to be uncollectible at this time due largely to the financial situations of the countries involved.

The General Accounting Office proved the inability of AID to monitor its own actions in a report issued just this week. AID approved two long-term, low-interest loans for Ecuador totaling \$15 million to help meet the budget deficit in that country in 1961 and 1962. At the time the loans were made, Ecuador had substantial credit in the Central Bank of the International Monetary Fund. In addition, various autonomous agencies within the Government of Ecuador had the resources on which the central government could have drawn. In another report, GAO criticized AID for a \$543,000 loan to the Central Treaty Organization for a rail link between Turkey and Iran. The money was loaned for construction of a roadbed. AID had information that the roadbed was expected to be completed before the equipment arrived—it was—so AID then changed the loan to make it for maintenance equipment.

It is not possible for GAO, with their limited manpower, to keep tabs on all the waste that goes on in AID. It ought to be possible to better control it if proposed legislation were enacted to make the Inspector General, Foreign Assistance, responsible for all end use investigations in the field.

LACK OF CONCERN FOR CONGRESSIONAL INTENT

Over the years, the Congress has seen fit, in its concern with the manner in which aid funds are expended and the program administered, to insert provisions considered to be essential to the implementation or improvement of the program. It is shocking to learn that in a number of instances these provisions are either being ignored or twisted to suit the whims of those administering the program. For example, in 1963, concern with the possibility of aggressive military action in the Middle East resulted in an amendment to the aid legislation (sec. 620(i)) that no aid could be provided to any country which the President determines is engaged in or preparing for aggressive military efforts against any country receiving assistance under this or any other act. In spite of this provision, and in spite of the United Arab Republic's actions in the Congo, which reasonable men would deem to be aggressive, the United States continues to furnish aid to that country.

For several years, the Congress has watched with increasing apprehension the situation in Indonesia and has served many warnings that our AID efforts in that country are to no avail. In spite of this, the executive branch has endlessly dragged its feet and has continued to this very moment to push assistance on Indonesia whose President has made it abundantly and bluntly clear that he wants no part of it.

Now our libraries are padlocked, our Peace Corps has been asked to leave, our business interests appear to be in the process of a thinly veiled expropriation, our Embassy officials have their lights cut off—but we still linger. Here we have turned the other cheek once too often.

We hope the situation will not be repeated in Africa. So far our African program is relatively small. But we note a tendency to cover the waterfront—to provide assistance to countries which have made it explicitly clear that they welcome the Chinese Communists and “to hell” with the United States. Ghana is perhaps the best example of this but there are others. Sometimes, the objectives of our aid program are vague, indeed.

AID TO BUSINESS

Recognition of private enterprise should be encouraged and expanded and the congressional mandate to suspend foreign assistance to any nation which takes discriminatory or confiscatory action against U.S. private investment must be observed. Furthermore, courts in the United States should determine and apply principles of international law in appropriate cases to encourage the development of an international set of rules that will contribute to the improvement of the investment climate, and the protection of private property abroad.

We view with alarm the steps AID is taking to change the Latin American housing guarantee program, which a representative of the American homebuilding industry has testified will throttle the program. This program, authorized as a pilot project in 1961, was unique in two ways: (1) it provided an opportunity for American private enterprise to demonstrate its building know-how in areas where housing was a most primary need, and where the construction of modestly priced private homes would be discernible evidence of our own democratic institutions; (2) it has been accomplished thus far without any expenditure of appropriated funds and could even produce a return to the Federal Treasury if handled properly. Any difficulty the program has faced so far is due to bureaucratic redtape on the part of the AID organization. It evoked great interest on the part of American builders and lenders. We understand that AID has a huge backlog of applications.

Now the limitation in the amendment severely curtails the program. Instead of continuing and expanding the effort to stimulate private home-ownership, it is believed that it will effectively prevent American private homebuilding industry from further participation. Worse still, the amendment requiring particular emphasis on guaranteeing funds loaned to institutions could very well result in a greater administrative boondoggle and construction of fewer homes.

We will continue to review with concern the Government actions in Peru aimed at nationalizing U.S. oil properties. Last year, that country was granted a record \$86.8 million in Alianza help, four times the amount it received in 1960. U.S. companies doing business in Peru have been in a mood to expand due primarily to the favorable investment climate which has existed in Peru up to now. We fervently hope that this condition will continue.

USE OF CONTRACTUAL TECHNICAL AND ADVISORY SERVICES BY AID

AID officials justify the increasing use of contract-hire personnel over direct hire (civil service) on the basis that, in the long run, a better job can be done for less money.

As of December 31, 1964, AID had 1,206 contracts totaling \$404.2 million in 75 countries. As of February 28, 1965, oversea U.S. national contractor personnel numbered 1,986 as compared with 1,874 at June 30, 1964. AID acknowledges that these figures may be inaccurate since the Agency experiences difficulty in obtaining consistency from contractors on their employment figures. In comparison, direct-hire employment of U.S. nationals was 6,672 at February 28, 1965, as compared with 6,688 at June 30, 1964.

It seems to us that AID has gone overboard in the business of hiring consultants and contract firms to tell the Agency how to operate. The fact that AID is not even sure of the number of contract personnel on its rolls suggests that it does not have adequate control of the work of these people. The contention that it is cheaper to contract than to direct hire is highly questionable. Last year, for example, we commented on the fact that an Agency study completed in February 1964 comparing the oversea service costs of contractors and direct-hire employees of AID, estimated that the average annual cost of maintaining a contract employee and family of Arthur D. Little & Co. in Nigeria averaged \$67,700 compared to \$34,400 for an AID employee of comparable grade. We also believe that AID contract procedures might well be examined to ascertain whether or not the same contractors are being favored over the years.

We view with interest a recent decision of the Comptroller General of the United States in which he stated that contracts which the Department of Defense had with a private contractor to furnish technicians to work alongside military personnel and civil service employees was "not authorized by law and violates the provisions of the Civil Service Act, the Veterans' Preference Act, the Classification Act, and other personnel statutes." This opinion is particularly timely in view of the extensive waste in labor costs due to the widespread use of manpower now being furnished to the Federal Government, including AID, by contract.

We do not mean to imply that AID's direct hire procedures are letter perfect. *Far from it.* As an example, in a recent trip to a Latin America country, one of our colleagues found that more than 40 percent of AID's personnel listed to be on the rolls in that country were not there.¹

USE OF CIVIC ACTION FUNDS TO BENEFIT ECONOMIC ASSISTANCE

In past years, the committee authorized the use of military assistance funds for so-called civic action projects, recognizing a critical need of less developed countries in the realm of public works and economic development. However, the committee, in its report on the Mutual Security Act of 1961 specifically cautioned that the use of military assistance funds to finance earth-moving equipment, vehicles, and comparable construction items for public works projects in the less developed countries was not intended.

¹ P. 26, hearings before the Committee on Foreign Affairs on the Foreign Assistance Act of 1965.

Last year, a staff survey team of the committee found that civic action funds were being used to build superhighways in Brazil, including the purchase of a large amount of equipment of a commercial nature such as a 225 ton per hour rock-crushing unit. The concept that civic action projects bring about better understanding between military personnel and the populace of villages, towns, and interior areas, while benefiting the area economically, is defeated by projects of this nature.

Now the Department of Defense has asked for and received unlimited authority under this bill to finance large-scale public works programs and engage in other activities which are claimed to be helpful to the economic and social development of AID-recipient countries. In effect, the military has been given the green light to engage in its own economic assistance programs.

EAST-WEST TRADE

The executive branch is developing a policy toward Communist governments of captive nations designed, in the words of the Secretary of State, to "promote trends within the Communist world which will lead away from imperialism, away from dictatorship and toward independence and open society with freely chosen governments."

We do not believe that the contemplated expansion of East-West trade would promote the liberalization of any Communist government or encourage the separation of satellites from the Soviet Union.

Any U.S. concession to Communist regimes must be on a quid pro quo basis which must include steps to alleviate the conditions of the captive peoples. The U.S. "price" could be the end to subversion and invasion of South Vietnam, dismantling the Berlin Wall, and a halt to Moscow-backed subversion from Cuba.

We must remind the members that the oft-restated purpose of the foreign aid program is to halt the expansion of communism. We then must point out to the members that it is inconsistent to pour huge sums of money into this program annually while at the same time following a policy of "peaceful coexistence" with the U.S.S.R. Subsidized trade is a form of foreign aid that is inconsistent with the stated objectives of this program.

Since the administration is officially and publicly pursuing a policy of "peaceful coexistence" while simultaneously expanding our efforts on behalf of freedom in Vietnam and the Dominican Republic, a brief review of the inconsistency of this situation is in order.

"Peaceful coexistence" is in essence the opposite of genuine peace and all the sought-for harmony of relations this implies. Fundamentally a cold war weapon, the Russian charade of "peaceful coexistence" has a contradictory intent and operation. It seems to have been forgotten by many that Stalin was also an effective manager of planned periods of "peaceful coexistence." For example, he led the U.S.S.R. into the League of Nations while at the same time he financed plots, subversion activities, and popular fronts all over the world, not to mention many "peace movements" during the 30's.

We recall the definition given by the 81 Communist and Workers Parties convening in Moscow in December 1960: "The policy of peaceful coexistence is a policy of mobilizing the masses and launching vigorous action against the enemies of peace." The basic contra-

diction between genuine peace and Russian "peaceful coexistence" in this statement was well pointed out by Khrushchev and others in 1964 when they minced no words about supplying arms and munitions for "wars of liberation," particularly in the underdeveloped areas. More captive nations and states in Asia, Africa, and Latin America would only bring Moscow closer to its prime global objective.

At this stage Moscow's strategy serves a number of purposes: (1) it buys time for the totalitarian Red empire to make numerous internal adjustments for its greater power and strength; (2) it serves as a shield for even more intensive cold war operations in the underdeveloped areas; (3) it lulls the West into a progressive state of confusion, division and friction, which Moscow's subversive agents feed upon; and (4) it even facilitates Western technologic and economic contributions to the empire's buildup. Moreover, the strategy breeds Western indifference to the captive peoples, thus guaranteeing the territorial integrity of the Red colonial empire. Since in previous years Congress has specifically banned aid to Red governments, it is equally consistent to maintain a prohibition against any trade which would strengthen the economy of the Communist regimes.

PEOPLE TO PEOPLE APPROACH

The large majority of AID funds are being spent each year for large-scale projects costing millions of dollars that may or may not be of direct benefit to the local populace of the AID-recipient countries. Sometimes, material or equipment furnished by the United States may be used in such a manner that the image of the United States may be further damaged in the eyes of the people.

We wonder what goes on in the minds of the local population when tanks or other heavy equipment—furnished by the United States—are being sent into combat by both sides such as in the India-Pakistan conflagration currently going on.

We would like to see increasing emphasis on the part of AID to channel funds to projects of a grassroots nature. Carefully thought out projects of this type could very well provide the ideological offensive so badly needed to counter the Communist subversive tactics now going on in very alarming proportions in Latin America and other less developed areas of the world.

CONCLUSION

Foreign aid has consistently fallen short of the utopian objectives so ardently expressed each year the program is presented.

It has not halted either the expansion of communism or the drift of many aid recipient nations toward Communist ideologies. Indonesia, which has received nearly a billion dollars of U.S. economic and military assistance, and Cambodia, which has received nearly \$400 million, are both embracing Peiping. We might add that the hundreds of millions of dollars given to Cuba in aid, including premium prices on sugar, did not prevent that country's takeover.

It has not improved the image of America in the eyes of the aid recipient nations. In every corner of the world and in spite of our efforts in the past, nations with, or often without, the slightest provocation, take the opportunity to bitterly criticize the United States and

her policies. At the present time, this is occurring in India and Pakistan.

It has not improved the stability of government. Current situations in the Dominican Republic where opposing forces have no regard for law and order and in Korea where the Government is daily combating the efforts of a mass of organized students in its attempt to stay in power demonstrate the failure of this objective.

The point has now been reached where the foreign aid program must be drastically reduced or an outraged public will end it. If submitted today to a referendum of the American people, there is no doubt that it would be doomed.

Fiscal year 1966 marks the end of the long-term authorizations for the development loan program and the Alliance for Progress. These programs, representing as they do over 60 percent of the total appropriation request for economic assistance in 1966, must be minutely scrutinized before entertaining the requests of the executive branch for additional funds. We do not believe that AID, guided by its own self-interest for preservation of the status quo, qualifies to make the required top to bottom review.

A principal consideration in any program to be offered is the selectivity of our assistance. New nations, as they attain their autonomy, take the attitude that our largesse is their inherent right. If any aid program is ever to have any benefit, it cannot be put on an automatic handout basis.

Saddled with back-breaking debt and borrowing billions of dollars each year, the United States can no longer fight wars and, through our aid program, finance the rest of the so-called free world without itself being plunged into bankruptcy.

E. ROSS ADAIR.

H. R. GROSS.

E. Y. BERRY.

EDWARD J. DERWINSKI.

VERNON W. THOMSON.



H. 1760

A. 111

[Report No. 321]

APRIL 29, 1965

MAY 7, 1965

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Assistance
4 Act of 1965”.

Part I

CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act
8 of 1961, as amended, which relates to the statement of
9 policy, is amended by adding at the end thereof the following
10 new paragraph:

11 “It is the sense of the Congress that assistance under

1 this or any other Act to any foreign country which here-
2 after permits, or fails to take adequate measures to prevent,
3 the damage or destruction by mob action of United States
4 property within such country, should be terminated and
5 should not be resumed until the President determines that
6 appropriate measures have been taken by such country to
7 prevent a recurrence thereof.”

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT

10 GRANTS

11 SEC. 102. Title II of chapter 2 of part I of the Foreign
12 Assistance Act of 1961, as amended, which relates to tech-
13 nical cooperation and development grants, is amended as
14 follows:

15 (a) Amend section 212, which relates to authorization,
16 by striking out “1965” and “\$215,000,000” and substitut-
17 ing “1966” and “\$210,000,000”, respectively.

18 (b) Amend section 214, which relates to American
19 schools and hospitals abroad, as follows:

20 (1) Amend subsection (b) by striking out “treat-
21 ment, education,” and substituting “education”.

22 (2) Amend subsection (c) by striking out “1965,
23 \$18,000,000” and substituting “1966, \$7,000,000”.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part 1 of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

“(b) The President may issue guaranties to eligible United States investors—”.

(2) In paragraph (1), strike out “\$2,500,000,000” and substitute “\$5,000,000,000”.

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out “, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000”.

(B) In the third proviso, immediately after “\$300,000,000” insert the following: “, and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$150,000,000”.

1 (C) In the fourth proviso, strike out "1966"
2 and substitute "1967".

3 (b) Amend section 221 (c), which relates to general
4 authority, by inserting after the word "guaranty" the third
5 time it appears, the words "of an equity investment".

6 (c) Amend section 222 (b), which relates to general
7 provisions, by inserting after "(exclusive of informational
8 media guaranties)," the words "and to pay the costs of in-
9 vestigating and adjusting (including costs of arbitration)
10 claims under such guaranties,".

11 (d) Amend section 223, which relates to definitions,
12 as follows:

13 (1) In subsection (a), strike out "and" at the end
14 thereof and in subsection (b) strike out the period and
15 substitute "; and".

16 (2) Add the following new subsection (c) :

17 “(c) the term ‘eligible United States investors’
18 means United States citizens, or corporations, partner-
19 ships, or other associations created under the laws of the
20 United States or any State or territory and substantially
21 beneficially owned by United States citizens, as well as
22 foreign corporations, partnerships, or other associations
23 wholly owned by one or more such United States citi-
24 zens, corporations, partnerships, or other associations:
25 *Provided*, That the eligibility of a foreign corporation

shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.”

(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

“SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

“(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

1 “(1) pilot or demonstration private housing proj-
2 ects in Latin America of types similar to those insured
3 by the Federal Housing Administration and suitable
4 for conditions in Latin America;

5 “(2) credit institutions in Latin America engaged
6 directly or indirectly in the financing of home mortgages,
7 such as savings and loan institutions;

8 “(3) housing projects in Latin America for lower
9 income families and persons, which projects shall be
10 constructed in accordance with maximum unit costs
11 established by the President for families and persons
12 whose incomes meet the limitations prescribed by the
13 President;

14 “(4) housing projects in Latin America which will
15 promote the development of institutions important to
16 the success of the Alliance for Progress, such as free
17 labor unions and cooperatives; or

18 “(5) housing projects in Latin America 25 per
19 centum or more of the aggregate of the mortgage financ-
20 ing for which is made available from sources within
21 Latin America and is not derived from sources outside
22 Latin America, which projects shall, to the maximum
23 extent practicable, have a unit cost of not more than
24 \$6,500.

25 “(c) The total face amount of guaranties issued under

1 this section outstanding at any one time shall not exceed
2 \$450,000,000: *Provided*, That no payment may be made
3 under this section for any loss arising out of fraud or mis-
4 conduct for which the investor is responsible: *Provided*
5 *further*, That this authority shall continue until June 30,
6 1967.”

7 TITLE VI—ALLIANCE FOR PROGRESS

8 SEC. 104. Section 252 of the Foreign Assistance Act
9 of 1961, as amended, which relates to the Alliance for Prog-
10 ress, is amended by striking out “in fiscal year 1965” and
11 substituting “in each of the fiscal years 1965 and 1966”.

12 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 13 AND PROGRAMS

14 SEC. 105. Chapter 3 of part II of the Foreign Assist-
15 ance Act of 1961, as amended, which relates to interna-
16 tional organizations and programs, is amended as follows:

17 (a) Amend section 301 (c), which relates to assist-
18 ance for Palestine refugees in the Near East, by adding at
19 the end thereof the following: “Contributions by the United
20 States to the United Nations Relief and Works Agency for
21 Palestine Refugees in the Near East for the calendar year
22 1966 shall not exceed \$15,200,000.”

23 (b) Amend section 302, which relates to authorization,
24 by striking out “1965” and “\$134,272,400” and substitut-
25 ing “1966” and “\$144,755,000”, respectively.

1 CHAPTER 4—SUPPORTING ASSISTANCE

2 SEC. 106. Section 402 of the Foreign Assistance Act
3 of 1961, as amended, which relates to supporting assistance,
4 is amended by striking out in the first sentence “1965” and
5 “\$405,000,000” and substituting “1966” and “\$369,200,-
6 000”, respectively.

7 CHAPTER 5—CONTINGENCY FUND

8 SEC. 107. Section 451 of the Foreign Assistance Act
9 of 1961, as amended, which relates to the contingency fund,
10 is amended as follows:

11 (a) Amend subsection (a) as follows:

12 (1) Strike out “1965” and “\$150,000,000” and
13 substitute “1966” and “\$50,000,000”, respectively.

14 (2) Add the following new sentence: “In addi-
15 tion, there is hereby authorized to be appropriated to
16 the President for use in Southeast Asia such sums as
17 may be necessary in the fiscal year 1966 for programs
18 authorized by parts I and II of this Act in accordance
19 with the provisions applicable to such programs if he
20 determines such use to be important to the national
21 interest: *Provided*, That the President shall present to
22 the Committee on Foreign Relations of the Senate and
23 the Speaker of the House of Representatives the pro-
24 grams to be carried out from funds requested by the

President to be appropriated under authority of this sentence.”

(b) Amend subsection (b) by striking out “this section” and substituting “the first sentence of subsection (a)”.

Part II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 503 (b), which relates to general authority, by striking out the words “in foreign countries”.

(b) Amend section 504, which relates to authorization, by striking out “1965” and “\$1,055,000,000” in the first sentence and substituting “1966” and “\$1,170,000,000”, respectively.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: “, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities

1 helpful to the economic development of such friendly
2 countries. It is the sense of the Congress that such
3 foreign military forces should not be maintained or estab-
4 lished solely for civic action activities and that such
5 civic action activities not significantly detract from the
6 capability of the military forces to perform their military
7 missions and be coordinated with and form part of the
8 total economic development effort."

9 (2) Strike out subsection (b) and redesignate the
10 proviso of subsection (a) as subsection (b).

11 (3) In redesignated subsection (b), strike out
12 "*Provided, That except*" and substitute "*Except*";
13 strike out "or (2)" and substitute ", or (2) for civic
14 action assistance, or (3)".

15 (d) Amend section 507, which relates to sales, as
16 follows:

17 (1) In subsection (a), insert the following new
18 sentence between the second and third sentences:
19 "Notwithstanding the provisions of section 644 (m) (2),
20 nonexcess defense articles may be sold under this sub-
21 section at the standard price in effect at the time such
22 articles are offered for sale to the purchasing country or
23 international organization."

24 (2) In subsection (b), strike out the period at the
25 end of the first proviso, substitute a colon and add the

1 following: "*Provided further*, That the President may,
2 when he determines it to be in the national interest,
3 enter into sales agreements with purchasing countries
4 or international organizations which fix prices to be
5 paid by the purchasing countries or international orga-
6 nizations for the defense articles or defense services
7 ordered. Funds available under this part for financing
8 sales shall be used to reimburse the applicable appro-
9 priations in the amounts required by the contracts which
10 exceed the price so fixed, except that such reimburse-
11 ment shall not be required upon determination by the
12 President that the continued production of the defense
13 article being sold is advantageous to the Armed Forces
14 of the United States. Payments by purchasing coun-
15 tries or international organizations which exceed the
16 amounts required by such contracts shall be credited
17 to the account established under section 508. To the
18 maximum extent possible, prices fixed under any such
19 sales agreement shall be sufficient to reimburse the
20 United States for the cost of the defense articles or de-
21 fense services ordered. The President shall submit to
22 the Congress promptly a detailed report concerning any
23 fixed-price sales agreement under which the aggregate
24 cost to the United States exceeds the aggregate amount

1 required to be paid by the purchasing country or inter-
2 national organization.”

3 (e) Amend section 508, which relates to reimbursement
4 as follows:

5 (1) After “this part” the first time it appears, in-
6 sert “have been or”.

7 (2) After “United States Government,” the first
8 time it appears insert “receipts received from the disposi-
9 tion of evidences of indebtedness and charges (including
10 fees and premiums) or interest collected”.

11 (3) Strike out “the current applicable appropria-
12 tion” and substitute “a separate fund account”.

13 (4) Strike out “furnishing further military assist-
14 ance on cash or credit terms” and substitute “financing
15 sales and guaranties, including the overhead costs
16 thereof”.

17 (f) Amend section 509 (b), which relates to exchanges
18 and guaranties, by inserting “(excluding contracts with any
19 agency of the United States Government)” in the second
20 sentence between the last word thereof and the period.

21 (g) Amend section 510, which relates to special author-
22 ity, as follows:

23 (1) In subsection (a), strike out “1965” each
24 place it appears and substitute in each such place
25 “1966”.

(2) In subsection (b), strike out “to the President”.

(h) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out “programs described in section 505 (b) of this chapter” and substitute “civic action requirements”.

(2) Strike out “1965” and substitute “1966”.

Part III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out “ITEMS” and substitute “CERTAIN ITEMS AND FUNDS”.

(2) Add the following new subsections:

“(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective

1 appropriation, fund, or account used to finance such trans-
2 action or to the appropriation, fund, or account currently
3 available for the same general purpose.

4 “(d) Funds realized by the United States Government
5 from the sale, transfer, or disposal of defense articles returned
6 to the United States Government by a recipient country or
7 international organization as no longer needed for the pur-
8 pose for which furnished shall be credited to the respective
9 appropriation, fund, or account used to procure such defense
10 articles or to the appropriation, fund, or account currently
11 available for the same general purpose.”

12 (b) Amend section 612, which relates to use of foreign
13 currencies, by redesignating subsection (e) as subsection
14 (b).

15 (c) Amend section 620, which relates to prohibitions
16 against furnishing assistance to Cuba and certain other
17 countries, as follows:

18 (1) Amend the section heading to read as follows:

19 “PROHIBITIONS AGAINST FURNISHING ASSIST-
20 ANCE.—”.

21 (2) In paragraph (2) of section 620 (e), which
22 relates to the application of the federal act of state doc-
23 trine, strike out “January 1, 1966” and substitute
24 “January 1, 1967”.

25 (3) In section 620 (1), which relates to the pro-

hibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsection:

"(n) Until the President determines that North Vietnam has ceased all efforts to overthrow the Government of South Vietnam, no funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

1 “(iii) any other equipment, materials, or com-
2 modities; and

3 “(B) to prevent ships or aircraft under its registry
4 from transporting any equipment, materials, or com-
5 modities from North Vietnam.”

6 CHAPTER 2—ADMINISTRATIVE PROVISIONS

7 SEC. 302. Chapter 2 of part III of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to administra-
9 tive provisions, is amended as follows:

10 (a) Amend section 622, which relates to coordination
11 with foreign policy, as follows:

12 (1) In subsection (b), immediately after “military
13 assistance” insert “(including any civic action and sales
14 program) ”.

15 (2) In subsection (c), immediately after “military
16 assistance program” insert “(including any civic action
17 and sales program) ”.

18 (b) Amend section 624, which relates to statutory
19 officers, as follows:

20 (1) In subsection (b), strike out “paragraph (3)
21 of” and “of the officers provided for in paragraphs (1)
22 and (2) of that subsection”, and substitute for the latter
23 “of one or more of said officers”.

24 (2) In subsection (d), strike out “Public Law

1 86-735” wherever it appears and substitute “the Latin
2 American Development Act, as amended”.

3 (c) Amend section 625 (d), which relates to the em-
4 ployment of personnel, by striking out “twenty” in paragraph
5 (2) and substituting “fifty”.

6 (d) Amend section 626, which relates to experts, con-
7 sultants, and retired officers, by redesignating subsection (d)
8 as subsection (c).

9 (e) Amend section 630, which relates to terms of
10 detail or assignment, by inserting “benefits” after “travel
11 expenses”, in paragraphs (2) and (4).

12 (f) Amend section 635 (g), which relates to general
13 authorities, by inserting “and sales” after “loans” in the
14 introductory clause.

15 (g) Amend section 636, which relates to provisions on
16 uses of funds, as follows:

17 (1) In subsection (e), strike out “section 2 of the
18 Act of July 31, 1894, as amended (5 U.S.C. 62)” and
19 substitute “section 301 of the Dual Compensation Act
20 (5 U.S.C. 3105)”.

21 (2) In subsection (f), strike out “Act to provide
22 for assistance in the development of Latin America
23 and in the reconstruction of Chile, and for other pur-

1 poses” and substitute “Latin American Development
2 Act, as amended”.

3 (h) Amend section 637 (a), which relates to adminis-
4 trative expenses, by striking out “1965” and “\$52,500,000”
5 and substituting “1966” and “\$53,240,000”, respectively.

6 (i) Amend section 638, which relates to Peace Corps
7 assistance, by striking out all beginning with “; or famine”
8 and substituting a period.

9 (j) Add the following new section 639:

10 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
11 vision of this Act shall be construed to prohibit assistance
12 to any country for famine or disaster relief.”

13 CHAPTER 3—MISCELLANEOUS PROVISIONS

14 SEC. 303. Chapter 3 of part III of the Foreign Assist-
15 ance Act of 1961, as amended, which relates to miscellaneous
16 provisions, is amended as follows:

17 (a) Amend section 642 (a) (2), which relates to stat-
18 utes repealed, by striking out “143,” and all beginning with
19 “: *Provided*,” up to the semicolon.

20 (b) Amend section 644, which relates to definitions,
21 as follows:

22 (1) In subsection (g), insert “, and not procured
23 in anticipation of military assistance or sales require-
24 ments, or pursuant to a military assistance or sales

order,” after “United States Government” and strike out “as grant assistance”.

(2) In subsection (m) (2), strike out “Such price shall be the same standard price” and substitute “Such standard price shall be the same price (including authorized reduced prices)”.

(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

(A) In the first sentence, insert “and sales” after “Military assistance”.

(B) In the second proviso, strike out “by the military assistance program”.

(c) Amend section 645, which relates to unexpended balances, by striking out “Public Law 86-735” and substituting “the Latin American Development Act, as amended”.

CHAPTER 4—AMENDMENT TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

“No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that

1 such sale is essential to the national interest of the United
2 States. No such sale shall be based on the requirements of
3 the United Arab Republic for more than one fiscal year.
4 The President shall keep the Foreign Relations Committee
5 and the Appropriations Committee of the Senate and the
6 Speaker of the House of Representatives fully and currently
7 informed with respect to sales made to the United Arab
8 Republic under title I of this Act.”

89TH CONGRESS
1ST SESSION

H. R. 7750

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

APRIL 29, 1965

Referred to the Committee on Foreign Affairs

MAY 7, 1965

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

SEN. H. R. 7750

A BILL

to amend the Act relating to the

of the Department of the Interior

and for other purposes

Approved by the Senate

and the House of Representatives

on the 1st day of January

1901

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees Paid
U. S. Department of Agriculture

Issued May 21, 1965
For actions of May 20, 1965
89th-1st; No. 91

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HIGHLIGHTS: See page 6

SENATE

1. DISASTER RELIEF. Concurred in the House amendments to S. 327, to provide assistance to Calif., Ore., Wash., Nev., and Idaho for the reconstruction of areas damaged by recent floods and highwaters (pp. 10726-7). This bill will now be sent to the President. See Digest 90 for a summary of provisions of this bill.

2. TOBACCO. Passed without amendment H. J. Res. 436, to permit tobacco farmers who have entered into a lease for the transfer of 1965 tobacco acreage allotments an additional 20 days after enactment of this joint resolution to file such leases with their local ASC county committee (p. 10725). This bill will now be sent to the President.
3. SOIL AND WATER CONSERVATION. Sen. Proxmire inserted a National Farmers Union policy statement supporting increased "funds for the SCS and ACP in keeping with conservation needs inventory," and expressing opposition to "the Budget Bureau proposal for Congress to authorize a revolving fund through which soil conservation districts and farmers and ranchers would pay the Federal Government a part of the costs of technical assistance." pp. 10660-1
Sen. McGee inserted an American Forests magazine editorial critical of the proposed cut in "the technical assistance program of the Soil Conservation Service by \$20 million." pp. 10665-6
4. COTTON. Sen. Yarborough criticized the proposed changes by this Department in the rules relating to skip-row planting of cotton and stated that "this is an indefensible move by the Secretary of Agriculture to curtail cotton production by using his powers to issue regulations rather than taking the proper course of coming to Congress with a new program for cotton." pp. 10689-90
5. WATER RESOURCES. Conferees were appointed on S. 1229, to provide uniform rules for the treatment of recreation and fish and wildlife benefits and costs in connection with Federal water resource projects of the Corps of Engineers and the Bureau of Reclamation (pp. 10724-5). House conferees have not yet been appointed.
6. POLLUTION. Sen. Clark inserted a series of articles on the "increasing pollution of his environment by man," including one reviewing recreational facilities in National Parks and Forests. pp. 10710-21
7. COMMITTEE ASSIGNMENTS. Assignments were made to the various subcommittees of the Post Office and Civil Service Committee. p. D427

HOUSE

8. AGRICULTURAL APPROPRIATION BILL, 1966. The Appropriations Committee reported this bill, H. R. 8370 (H. Rept. 364) (p. 10795). Attached to this Digest is a copy of the committee report which includes a summary table reflecting committee action on the bill.
9. FORESTRY. Passed with amendment S. 435, to extend the boundaries of the Kaniksu National Forest, Idaho, after substituting the text of a similar bill, H. R. 5798, which was passed earlier as reported from committee. H. R. 5798 was tabled. pp. 10740-1
10. RECREATION. The Interior and Insular Affairs Committee reported with amendment H. R. 89, to authorize establishment of the Tocks Island National Recreation Area, Pa. and N. J. (H. Rept. 360). p. 10795
11. HOUSING. Rep. Ryan commended and inserted "Statement on Federal Housing Bill of 1965 From Strycker's Bay Neighborhood Council, New York." p. 10768
12. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 7750, the foreign aid authorization bill. pp. 10741-2

Township 63 north, range 4 west, Boise meridian:

Section 18, southeast quarter southeast quarter; section 19, northeast quarter northeast quarter, lot 3 (southeast quarter northeast quarter); section 20, southwest quarter northwest quarter; section 33, lot 1 (northeast quarter northwest quarter), lot 2 (southeast quarter northwest quarter), lot 3 (northeast quarter southeast quarter), lot 6 (southeast quarter southwest quarter), west half southwest quarter northeast quarter, west half northwest quarter southeast quarter, southwest quarter southeast quarter.

Township 63 north, range 5 west, Boise meridian:

Section 24, northeast quarter northeast quarter, east half northwest quarter northeast quarter, northeast quarter northeast quarter southwest quarter northeast quarter, northwest quarter southeast quarter northeast quarter, lot 2 (northeast quarter southeast quarter northeast quarter), lot 3 (northeast quarter southeast quarter southeast quarter northeast quarter).

With the following committee amendments:

Page 1, lines 3 to 7 inclusive, strike out "for the purpose of authorizing appropriations from the land and water conservation fund established by section 2 of the Land and Water Conservation Fund Act of 1965 for the acquisition of lands adjacent to national forests as authorized by section 6 of such Act."

Page 2, line 5, strike out "exchange or".

Page 2, line 7, after "appraised" insert "at its fair market value".

Page 2, line 11, strike out "his" and insert "an".

Page 2, lines 12 to 19 inclusive, strike out all of paragraph (3).

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 435) to extend the boundaries of the Kaniksu National Forest in the State of Idaho, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There being no objection, the Clerk read the Senate bill, as follows:

S. 435

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, to promote protection and conservation of the outstanding scenic values and natural environment of Upper Priest Lake in Idaho and lands adjacent thereto for public use and enjoyment, the boundaries of the Kaniksu National Forest are hereby extended to include those of the lands hereinafter described which are not now within such boundaries. In order that they may be managed under the principles of multiple use and sustained yield, the Secretary of Agriculture is hereby authorized to acquire the following lands at their fair market value:

Township 63 north, range 4 west, Boise meridian:

section 18, southeast quarter southeast quarter;

section 19, northeast quarter northeast quarter, lot 3 (southeast quarter northeast quarter);

section 20, southwest quarter northwest quarter;

section 33, lot 1 (northeast quarter northwest quarter), lot 2 (southeast quarter northwest quarter), lot 3 (northeast quarter southeast quarter), lot 6 (southeast quarter southwest quarter), west half southwest quarter northeast quarter, west half northwest quarter southeast quarter, southwest quarter southeast quarter.

Township 63 north, range 5 west, Boise meridian:

section 24, northeast quarter northeast quarter, east half northwest quarter northeast quarter, northeast quarter northeast quarter southwest quarter northeast quarter, northwest quarter southeast quarter northeast quarter, lot 2 (northeast quarter southeast quarter northeast quarter), lot 3 (northeast quarter southeast quarter southeast quarter northeast quarter).

SEC. 2. There are hereby authorized to be appropriated not to exceed \$500,000 to carry out the purposes of this Act.

AMENDMENT BY MR. ASPINALL

Mr. ASPINALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASPINALL: Strike out all after the enacting clause, and insert the provisions of H.R. 5798, as passed by the House.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed.

A similar House bill (H.R. 5798) was laid on the table.

A motion to reconsider was laid on the table.

(Mr. WHITE of Idaho (at the request of Mr. ASPINALL) was granted permission to extend his remarks at this point in the RECORD.)

Mr. WHITE of Idaho. Mr. Speaker, I speak today on behalf of the preservation of Upper Priest Lake in Bonner County, Idaho, unquestionably one of the most remote and beautiful bodies of water in the Nation. And there is urgency in my message.

H.R. 5798, a bill that would seal off the lake from private development and protect this scenic gem in its unspoiled forest setting, must become law before this month ends, or the lake's shoreline will be subject to subdivision and commercial development.

In its present state, Upper Priest Lake can be reached only by boat and is surrounded by State and federally owned land, including the Kaniksu National Forest. I believe it is in the public interest that the 417 acres of private land involved be made a part of the national forest through negotiated purchases, as provided in H.R. 5798.

It has been only through the intervention of a national semiscientific organization, Nature Conservancy, that subdivision of a 140-acre parcel of private land for cabin sites has been delayed. This organization provided a loan to the owners to buy a year's time in which to save the lake. This period of grace is nearly over, and because of this, Mr. Speaker, I request that the membership be allowed to pass H.R. 5798 by unanimous consent.

COMITTEE ON BANKING AND CURRENCY

Mr. PATMAN. Mr. Speaker, on yesterday I asked unanimous consent that the Committee on Banking and Currency

may have until midnight on Saturday to file a report on H.R. 9874, the housing bill. The bill number I used in this request was an error. Therefore I renew the request and ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday to file a report on the bill H.R. 7984, the Housing and Redevelopment Act of 1965.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Missouri makes the point of order that a quorum is not present. Evidently, a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 103]

Adams	Grabowski	Nix
Andrews,	Griffin	Pelly
George W.	Halleck	Powell
Andrews,	Hansen, Iowa	Price
N. Dak.	Hansen, Wash.	Race
Baring	Harvey, Ind.	Resnick
Battin	Harvey, Mich.	Roberts
Blatnik	Hébert	Ronan
Bonner	Holland	Roncallo
Brown, Ohio	Jacobs	Schmidhauser
Callan	Johnson, Calif.	Selden
Callaway	Kluczynski	Shipley
Clark	Landrum	Sickles
Clausen,	Lindsay	Smith, N.Y.
Don H.	Long, Md.	Stafford
Culver	McMillan	Teague, Tex.
Curtis	Mackay	Thomson, Wis.
Diggs	Martin, Ala.	Todd
Dole	Martin, Mass.	Toll
Flood	Martin, Nebr.	Tupper
Fogarty	Mathias	Watkins
Foley	Morrison	Willis
Fraser	Morton	Yates

On this rollcall 368 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1961

Mr. YOUNG. Mr. Speaker, on behalf of Mr. MADDEN of the Committee on Rules, reported the following privileged resolution (H. Res. 395, Report 359) which was referred to the House Calendar and ordered to be printed:

H. RES. 395

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as

ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING APPROPRIATIONS FOR THE ATOMIC ENERGY COM- MISSION FOR FISCAL YEAR 1966

Mr. YOUNG. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 394, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 394

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8122) to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. YOUNG. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee [Mr. QUILLEN] and pending that, I yield myself such time as I may consume.

(Mr. YOUNG asked and was given permission to revise and extend his remarks.)

Mr. YOUNG. Mr. Speaker, House Resolution 394 provides for consideration of H.R. 8122, a bill to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes. The resolution provides an open rule, waiving points of order, with 2 hours of general debate.

As originally submitted to Congress, the Atomic Energy Commission's request called for a total authorization of \$2,592,035,000 for fiscal year 1966.

H.R. 8122 authorizes a total of \$2,555,521,000—\$2,260,776,000 for operating expenses and \$294,745,000 for plant and capital equipment—for the Commission for fiscal year 1966—a difference of \$36,514,000.

In addition, the bill would authorize the AEC to enter into two new cooperative arrangements with organizations outside the Federal Government for construction and operation of nuclear powerplants embodying advanced concepts. Included within the total amount, this bill would authorize to be appropriated to the AEC is the sum of \$132,363,000, which the AEC could utilize for these cooperative arrangements. The bill would also authorize AEC to waive use charges on leased special nuclear material for one project in an amount estimated to be \$6,443,000, and to purchase uranium enriched in the isotope 233 produced under the arrangement.

There is a provision in the bill rescinding prior year authorizations for five projects amounting to \$60,955,000, exclusive of waiver of use charges. No additional funding is provided for these projects unless justification is subsequently resubmitted to Congress and new authorization provided.

Mr. Speaker, I urge the adoption of House Resolution 394.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. QUILLEN asked and was given permission to revise and extend his remarks.)

Mr. QUILLEN. Mr. Speaker, we are considering House Resolution 394, which will permit consideration of H.R. 8122, to authorize appropriations to the Atomic Energy Commission. A 2-hour open rule is requested, waiving points of order. I am in support of the rule.

H.R. 8122 authorizes appropriations for the Atomic Energy Commission for the fiscal 1966 of \$2,555,521,000.

It also authorizes the AEC to begin two civilian cooperative power reactor projects which are to utilize a so-far-unused source of energy.

Of the authorization, \$2,260,776,000 is for operating expenses and \$294,745,000 is for the plant and capital equipment expenditures.

Great progress is being made by the AEC in harnessing atomic power for peaceful uses.

Under section 106 of the bill, authorization is given to the Commission to enter into a cooperative project with a State, its departments and agencies, or with privately, publicly, or cooperatively owned utilities or industrial organizations, for participation in the research and development, design, construction and operation of a thorium seed-blanket nuclear power plant.

Section 107 of the bill would give authorization to the Commission to contract with a utility or group of utilities and an equipment manufacturer or other industrial organization for participation in the research and development, design, construction and operation of a high-temperature gas-cooled nuclear powerplant.

Under this section—107—the Public Service Co. of Colorado plans such a plant in its system. I am advised by the committee that this electric utility system would spend approximately \$45 million, which will purchase the power factor from the AEC manufacturing unit.

The Government authorization is \$47,306,000 making a total estimated cost for this project of some \$92,306,000.

Under section 106, an agreement is under consideration for construction by the State of California to supply power to pump water for the State's water supply project. I am advised that the State of California's estimated participation is \$80 million, of which \$40 million will go toward reactor costs and the remainder toward normal plant construction. The Government authorization is \$91.5 million, for a total of \$171.5 million.

What payments or other charges are contemplated in the future by companies which then desire to obtain the patent information derived from these coopera-

tive programs? The answer, as I understand it, is that no payments are to be made. The Government owns the patent rights to all patents developed under the cooperative program, even those traceable to the private participant. The Government policy is to make all such information available free of charge to other companies. Once the process is developed, the patents are available to all interested parties.

In Tennessee we are fortunate to have the Oak Ridge project of the Atomic Energy Commission. It has meant much to the State of Tennessee. Although it is not in my district, it is in the district of my good friend and colleague, the gentleman from the second district of Tennessee, JOHN J. DUNCAN. It performs a very worthwhile service, as I am sure the other agencies and operations of this Commission do throughout the United States.

Mr. Speaker, I urge the adoption of the rule. Reserving the remainder of my time, I have no further requests for time.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I am glad to yield to the gentleman from Missouri.

Mr. HALL. I wonder if the gentleman on the Rules Committee or the gentleman who brought the rule to the floor of the House today will explain for the benefit of the House, why all points of order are to be waived under this rule, House Resolution 394.

Mr. QUILLEN. Mr. Speaker, I will be glad to explain to the gentleman. As I understand, the restrictive language in section 103, on page 7 of the bill, makes the waiver necessary. It reads as follows:

(1) such construction project has been included in a proposed authorization bill transmitted to the Congress by the Commission and (2) the Commission determines that the project is of such urgency that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction.

As I understand it, the waiving of the points of order was necessary in a time of national crisis and urgency for the Commission to commence construction of a necessary project immediately, without authorization by the Congress.

Mr. HALL. In other words, the gentleman is saying that this is an authorization for an immediate start on this particular construction because of a national emergency?

Mr. QUILLEN. Crisis or urgency. Yes.

Mr. HALL. I thank the gentleman.

Mr. YOUNG. Mr. Speaker, I move the previous question.

The previous question was ordered.
The resolution was agreed to.

AUTHORIZING APPROPRIATIONS FOR THE AEC 1966

Mr. HOLIFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8122) to authorize appropriations to the Atomic Energy Commission in accordance with section

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HOUSE

16. FOREIGN AID. Began debate on H. R. 7750, the foreign aid authorization bill.
pp. 10837-70, 10882, 10896-7
17. HOUSING. The Banking and Currency Committee reported (on May 21 during adjournment) without amendment H. R. 7984, the proposed Housing and Urban Development Act of 1965 (H. Rept. 365). p. 10898
18. BEEF PRICES. Rep. Purcell expressed concern over the rise in retail beef prices in the past two weeks and inserted an article and chart showing weekly average prices. pp. 10874-5
19. COFFEE. Rep. Cleveland criticized the International Coffee Agreement.
pp. 10881-2
20. WEATHER. Received from Commerce Dept. an "interim report of the research, progress, and plans of the U. S. Weather Bureau referring to studies carried on during fiscal year 1964." p. 10898
21. SOIL AND WATER CONSERVATION. Rep. Hansen, Iowa, paid tribute to the local soil and water conservation districts, the sponsors of Soil Stewardship Week.
pp. 10871-2
22. ECONOMY; DEBT. Rep. Curtis inserted his article, "Economics and the Importance of Debt Management." pp. 10879-81
23. EXPORT CONTROL. Rep. Gilbert urged enactment of his bill to amend the Export Control Act by opposing restrictive trade practices or boycotts imposed by foreign countries against other countries friendly to the U. S. pp. 10886-7
24. PUBLIC LAW 480. Received from GAO a "report of improper payment of port charges on shipments to Columbia of food donated under title III of the Agricultural Trade Development and Assistance Act of 1954, Agency for International Development." p. 10898
25. PERSONNEL; PAY. Received from the Civil Service Commission a proposed bill to provide severance pay to certain Government officers and employees; to Post Office and Civil Service Committee. p. 10898
26. LOBBYING. Received the quarterly report on lobbying. pp. 10900-29

ITEMS IN APPENDIX

27. FARM LABOR. Rep. Utt inserted an article which suggests that the lack of farm labor in Calif. "will be a political issue next year..." pp. A2564-5
28. FORESTRY. Extension of remarks of Rep. Race commending and inserting an address, "Forestry's Part In the Industrial Development of Wisconsin: Today and Tomorrow." pp. A2565-7
29. VOTING RECORD. Extension of remarks of Rep. Cameron inserting his roll call votes, including bill providing acreage-poundage marketing quotas for tobacco.
pp. A2575-7

30. ECONOMICS. Rep. Evins inserted a U. S. News and World Report interview with Secretary of Commerce Conner which "reflects an acute understanding of contemporary economics and the nature of our current prosperity in this interview." pp. A2578-81
31. TRANSPORTATION. Rep. St. Onge inserted his statement in support of the proposed bill to provide research and development in high-speed ground transportation. pp. A2595-6
32. FOREIGN AID; RESEARCH. Extension of remarks of Rep. Brown commending the agricultural research programs carried on under the foreign aid program. pp. A2608-10
33. FOOD STAMPS. Extension of remarks of Rep. Sullivan stating that she is anxious to see the food stamp program expanded and inserting a list of areas which would be affected by the proposed reductions in appropriations for the program. pp. A2611-4

BILLS INTRODUCED

34. PERSONNEL. H. R. 8378 by Rep. Boland, to provide certain increase in annuities payable from the civil service retirement and disability fund, to improve the financing of the civil service retirement system, to Post Office and Civil Service Committee.
H. R. 8390 by Rep. Murray, to terminate cost-of-living allowances for statutory-salaried Federal civilian employees in nonforeign areas; to Post Office and Civil Service Committee.
35. ANIMAL DRUGS. H. R. 8377 by Rep. Watts, to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to consolidate certain provisions assuring the safety and effectiveness of new animal drugs; to Interstate and Foreign Commerce Committee.
36. LABOR STANDARDS. H. R. 8387 by Rep. Holland, to amend the Fair Labor Standards Act to extend its protection to additional employees, to improve its maximum hours standards; to Education and Labor Committee.
37. TIME. H. R. 8394 by Rep. Quie, to provide a uniform period for daylight saving time; to Interstate and Foreign Commerce Committee.
38. AQUATIC PLANTS. H. R. 8395 by Rep. Sickles, to provide for the control of obnoxious aquatic plants in navigable and allied waters; to Public Works Committee.
39. DAIRY PRODUCTS. H. R. 8396 by Rep. Thomson, Wisconsin, to make dairy products available for domestic and foreign programs; to Agriculture Committee.
40. SCHOOL LUNCH. H. R. 8397 by Rep. Thomson, Wisconsin, to amend the National School Lunch Act; to Education and Labor Committee.
41. AIR POLLUTION. H. R. 8398 by Rep. Green, Pennsylvania, to amend the Clean Air Act to require standards for controlling the emission of pollutants from gasoline-powered or diesel-powered vehicles, to establish a Federal Air Pollution Control Laboratory; to Interstate and Foreign Commerce Committee.

Lennon	O'Neill, Mass.	Rostenkowski
Lindsay	Pelly	Roybal
Long, La.	Pirnie	Saylor
Long, Md.	Powell	Sisk
McMillan	Price	Smith, N.Y.
Macdonald	Quile	Springer
Mackie	Randall	Stubblefield
Mailliard	Reinecke	Toll
Martin, Ala.	Resnick	Weltner
Martin, Mass.	Reuss	Widnall
Mathias	Rhodes, Ariz.	Willis
Morse	Roncalio	Wright
Mosher	Rooney, N.Y.	

The SPEAKER. On this rollcall, 355 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight Saturday, May 29, to file a report to accompany the bill H.R. 8371.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SPECIAL SUBCOMMITTEE ON FEDERAL AID TO HIGHWAYS

Mr. McCARTHY. Mr. Speaker, I ask unanimous consent that the Special Subcommittee on Federal Aid to Highways be permitted to sit this afternoon during general debate and also tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

GENERAL LABOR SUBCOMMITTEE

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that the General Labor Subcommittee of the Committee on Education and Labor be allowed to sit today and tomorrow during general debate.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, I did not hear the request.

Mr. ROOSEVELT. I requested unanimous consent that the General Labor Subcommittee be allowed to sit today and tomorrow during general debate.

Mr. GERALD R. FORD. Who is the ranking Republican member of that subcommittee?

Mr. ROOSEVELT. The gentleman from California [Mr. BELL] is the ranking Republican member.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1965

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 395 and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 395

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes of my time to the gentleman from California [Mr. SMITH], and at this time I yield myself such time as I may consume.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, H.R. 7750 will extend, with modifications, the Foreign Assistance Act of 1961. The rule provides 4 hours general debate and after which the bill shall be read for amendments under the 5-minute rule.

This legislation in different form has been debated each year since the program of aiding distressed and war stricken nations started after World War II.

This bill is in conformance with the President's request to continue the fight to curtail Communist aggression. It is a program to help weaker nations to preserve their liberty and self-government.

Chairman Morgan and the members of the Foreign Affairs Committee are to be commended for the 2 months' hearings and weeks of deliberation on this legislation. They reduced this 1966 foreign aid program to the lowest figure in the history of the program.

This bill authorizes \$2,004,195,000 in new funds, which amount, added to funds previously authorized, provides a total of \$3,367,670,000 for foreign aid programs for fiscal 1966. This program for next year will amount to one-half of 1 percent of our gross national product and only 3.5 percent of our total Federal budget.

The 1966 foreign aid program has provisions to insist that aid be tied to self-help and performance on the part of the recipient nation. The President, this year, recommended greater reliance on private initiative and private enterprise to improve the quality of assistance in developing new and weaker nations. He also encouraged more private American investment in Latin America and other friendly nations.

Facts not generally known are that U.S. assistance to 20 nations in Africa, Latin America, and Asia requires that the nation must allocate an average of \$6 for each dollar contributed for development of its own resources. Approximately 86 percent of foreign aid funds

are spent in the United States. Because of this large expenditure of our foreign aid funds in the United States, the program has a favorable effect on our balance-of-payments deficit.

Our exports to Latin America are up 23 percent since 1960. Many recipient nations have enacted major tax and land reforms and constructed thousands of housing units. Over 12 million children have school lunch programs and 75,000 teachers have been trained; 10 million schoolbooks have been placed in circulation and 40 U.S. colleges and universities are teaching and training youngsters in South America.

The No. 1 program of Communists leaders is education on their atheistic and subversive doctrines. It is not too late to combat their propaganda by educating youth in the free world on the truth about communism.

Our foreign aid assists schools, hospitals, development loans, investment guarantees, housing, military assistance, et cetera.

The House committee adopted two important amendments to this bill. One provides that assistance to any nation will be terminated if that nation fails to take measures to prevent the damage or destruction of mob action against U.S. property within such country. The second amendment provides that:

No sale under title I of this act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be authorized for more than 1 fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this act.

During the 4 hours provided for debate all detail and aspects of this important bill will be fully explained by the members of the Foreign Affairs Committee.

OUR NATION IS FREEDOM'S SAVIOR

I am indeed proud that during my years in Congress since World War II, I have supported our Government's foreign policy under Presidents Roosevelt, Truman, Eisenhower, Kennedy, and Johnson.

The Communist menace beginning with Lenin and followed by Stalin, Khrushchev, and today's Soviet and Chinese tyrants have not changed or curbed their drive for world enslavement.

The magnitude of their strategy, organization, and propaganda methods have never been equaled in world history. They have not deviated one iota from the Lenin's worldwide teachings of 40 years ago.

If their programs succeed in subjugating nation by nation into communism enslavement, our own free Government and liberty will collapse. We will become an island in an ocean of world communism.

I heard a few Members of Congress during the Truman administration denounce the foreign aid program including aid to Greece and Turkey as a give-

away and flagrant waste of taxpayers' money. I also remember General Eisenhower in 1951 testifying before a congressional committee and saying:

If it had not been for U.S. foreign assistance aid, all Europe would be under communism today.

That was in 1951 before he was elected President.

The same statement is as true today in regard to the world as it was in regard to Europe in 1951.

The American people are more informed and alert on Communist world enslavement today, than they were in 1951.

LEST WE FORGET

Millions in America and throughout the world today have learned that:

First. A small well-organized gang of Bolsheviks enslaved 175 million Russians through propaganda, slave labor camps, massacres, and tortures.

Second. Khrushchev, through a man-made famine, starved 5 million Ukrainians and enslaved that nation.

Third. Millions from Poland, Lithuania, Hungary, Bulgaria, Rumania, Czechoslovakia, Latvia, Estonia, and other captive people were murdered or worked in slave labor camps and others transported in boxcars to Siberia so Soviet Communists could start on the road to world tyranny.

In the winter of 1940 over 14,000 of Poland's leaders were massacred in the Katyn Forest and two other slave camps so Poland's fight for freedom could be defeated.

A well-organized, relatively small, group of Chinese Communists killed 20 million to communize 500 million Chinese.

Castro took over Cuba under the pretense of liberation—later he stated, "I am a Marxist-Leninist till the day I die."

J. Edgar Hoover says in 40 years communism has taken over 40 percent of the world's population and 25 percent of earth's surface.

When I read of misinformed students and agitators promoting riots and picketing the White House and public buildings, protesting Vietnam, Santo Domingo, and other Communist aggression areas, I feel that they possess very little knowledge of true communism. If the Communist conspiracy wins this world's struggle, these bewhiskered, long-haired intellectuals will never do any more protesting and placard picketing. If that day comes, and they persist in their favorite pastime, they will be incarcerated immediately in a slave labor camp or face the firing squad as millions of unfortunate victims in the captive nations did after their enslavement by the Communist tyrants.

THE COMMUNIST FRAUD

Today Communists are spending over \$3 billion a year on propaganda which is reaching every city and hamlet in the free world. They are resorting to mass agitation, infiltration, intimidation, demoralization, subversion, and every false diplomatic trick to promote dissension and bitterness in the nations of the free world.

They promise the people anything from free land, free religion, free educa-

tion, cancel debts, recreation, no taxes, and a utopia on earth. When the takeover is complete, the promises are discarded and enslavement is completed.

I mention these facts because people forget and relax in this fight for world freedom. Let us defeat this international menace. Enacting this legislation, H.R. 7750, is a major step to destroy the Communist tyranny.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, House Resolution 395 does provide an open rule with 4 hours of debate for the consideration of H.R. 7750 entitled Foreign Assistance Act of 1965. The rule also waives points of order.

I am always asked why points of order are waived when I make that statement. In this particular instance I will have to state to you that at the time this rule was granted in the Committee on Rules I did not know why points of order were being waived. The distinguished chairman of the Foreign Affairs Committee asked for 4 hours of open debate and did not ask to waive points of order. The ranking minority member, the gentleman from Ohio [Mrs. Bolton], concurred in the 4 hours of debate with an open rule, as did the gentleman from Indiana [Mr. ADAIR], who has some exceptions to the bill. Subsequently the resolution was made. Of course, the Committee on Rules has the authority to grant any rule it wants to, and I will not fuss too much about it except that it seems to me that there might be members of a particular committee who possibly would act one way if the committee agreed prior to this on the 4 hours and act differently if the change is made after. There might be some who would object to it. I have checked through my records and I find that we did waive points of order last year on this bill and we also did the year before, and undoubtedly points of order would have been waived had the request been made in this particular instance. So I say that I will not fuss too much about that except I do feel we are entitled to know and this body is entitled to know that this request has been made, and as a member of the committee, I can explain to you the purpose why it was made.

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Indiana.

Mr. ADAIR. I think it should be made very clear to the House that here is a situation in which the chairman of the committee did not ask for a waiver of points of order, in which the ranking minority member did not ask for a waiver of points of order, and yet here before us today is a rule providing for a waiver of points of order. Now, it seems to me more than a little strange that this should be the case, that is, the Committee on Rules should feel there ought to be this waiver of points of order when it was not requested. I am asking

the gentleman from California, and I will possibly ask other members of the Committee on Rules, why it was that such a rule was granted when it was not requested.

I recall, as do other members, that in times past we were told that certain changes ought to be made in the Committee on Rules so that broader rules would be forthcoming, so that the broadest possible debate could be had upon a subject. But here the committee on its own motion took it upon itself to limit debate to the extent that points of order are waived. I would be very much interested to know, either from the gentleman from California or from my colleague from Indiana who spoke previously why it was felt necessary to go beyond any requests made by the legislative committee and waive these points of order.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Indiana.

Mr. MADDEN. Mr. Speaker, in answer to my colleague from Indiana I might say that every time this legislation has come before the Committee on Rules it has been reported out waiving points of order; and furthermore it does not affect the operation of this bill from the standpoint of expenditure because it pertains to the revolving funds which go over from year to year some of the money applied in one branch of the program and some in another branch of the program. It just makes the financing more easy and more simple for the Treasury Department. It was primarily at their request that the financing of this program can be handled with greater simplicity by waiving points of order on this rule.

Mr. ADAIR. Mr. Speaker, will the gentleman yield further?

Mr. SMITH of California. I yield further to the gentleman from Indiana.

Mr. ADAIR. Mr. Speaker, it seems to me that the fact that in previous years points of order have been waived is not really a reason for waiving them this year. If my memory serves me correctly in previous years there was a request from the legislative committee for that sort of thing, and the Committee on Rules simply responded to that request. But here, I repeat, is an action taken upon the motion of the Committee on Rules and without any request.

Now, upon the other point that my colleague raises; that is, that there is no money involved here, I do differ a little with him on that. It is true, as he said, that we are talking about revolving funds and about interest and fees. But the best estimate that I can get, on rather short notice, is that with respect to military sales, a possible point of order might involve up to \$35 or \$40 million in the future and might involve on sales of military surplus and refunds from economic assistance as much as \$20 million. So we are in fact talking about substantial amounts of money, in my opinion. It seems to me that here is a situation in which the Committee on Rules has gone beyond its proper function in bringing such a rule before the House today.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the minority leader.

Mr. GERALD R. FORD. The mere fact that in the past a rule waiving points of order has been granted is not necessarily a proper precedent for such action today unless, of course, the circumstances this year are identical with the circumstances in previous years. It seems to me that one or two of the provisions that may have been subject to a point of order are new sections on provisions this year and are sections that we have not had before the House in the past.

I would like to ask the distinguished gentleman from Pennsylvania, the chairman of the Committee on Foreign Affairs, whether on pages 13 and 14 under chapter 1, section 301, are not those rather broad changes that conceivably could affect significantly the amount of dollars?

Mr. MORGAN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Well, we felt very strongly when we went to the Committee on Rules that these provisions of the bill were not subject to a point of order.

I believe we are making a mountain out of a molehill here. I am not sure where the gentleman from Indiana [Mr. ADAIR] got the figures which he quoted a while ago. I do not believe that the amounts of money he mentions are involved in either section. These sections of the bill represent bookkeeping changes in a revolving fund that was established in 1957. They do not establish any new revolving funds. These changes were recommended by the Bureau of the Budget to bring these funds under the regular bookkeeping procedures for revolving funds. That is all that is involved here.

Mr. GERALD R. FORD. Mr. Speaker, if the gentleman will yield further, it conceivably could result in funds of sizable magnitude—

Mr. MORGAN. If the gentleman from California will yield further, the gentleman from Michigan is saying "may be subject to a point of order," "could be subject to a point of order," but no one said they are subject to a point of order.

We went to the Committee on Rules, and we went there in all sincerity. We believed that nothing in this bill was subject to a point of order. The Committee on Rules, in its wisdom in granting previous rules to the Committee on Foreign Affairs, has always granted rules waiving points of order. They decided to grant the same type rule which has been granted heretofore, and the Committee on Foreign Affairs concurred in that.

Mr. Speaker, I see no reason for all this conflict when the provisions in question represent very minor changes in a revolving funds which has worked very well since 1957.

Mr. GERALD R. FORD. Mr. Speaker, if the gentleman will yield further, was there unanimity in the Committee on Foreign Affairs for the revisions set forth on pages 13 and 14?

Mr. MORGAN. If the gentleman will yield, yes; there was. During the markup there were no efforts to amend these sections.

Mr. GERALD R. FORD. To either one of those provisions?

Mr. MORGAN. To either one of those provisions.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. The question that has not been answered here this morning is who requested a waiver of points of order on this bill? Obviously the chairman did not ask for the waiver, the ranking minority member did not ask for a waiver of points of order and no one who appeared before the Rules Committee, insofar as I can ascertain, asked for the waiver. From where did this request come? Was it from the State Department down in Foggy Bottom? Or was it from the White House? Where did the request come from?

Mr. SMITH of California. I will say to the gentleman from Iowa—

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. No, I do not yield any further right now.

I want to clear this up myself and state that this request in my opinion was made in all honesty. I do not believe there was any such thing involved as the gentleman from Iowa suggests. I just simply wanted to bring this before the House and to give my interpretation of what happened. I voted against the rule because the request was made and I feel as a member of the Committee on Rules that I should explain it. But there is nothing like that involved here. The Committee on Rules, in its wisdom on the motion made, feeling that the points of order should be waived—the committee maybe neglected to ask for it—but in any event may I state to the gentleman, the rule here today will waive points of order and it can be discussed further, if necessary, in the Committee of the Whole House on the State of the Union. I simply want to bring that to the attention of the Members.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. If I knew all of the facts pertaining to this situation I might not agree with the gentleman from California that the committee exercised wisdom in granting a waiver of points of order. I hope the gentleman will concede me the right to disagree with the Committee on Rules.

I would say further I would think that the Foreign Affairs Committee would have discussed this in the final markup of the bill so that other members of the committee would have been put on notice and thus had the opportunity to appear before the Committee on Rules to contest an application for a waiver of points of order. This was not done. The rank and file members of the committee were shortcircuited in this case.

Mr. SMITH of California. That was one reason I mentioned the fact that pos-

sibly this could be avoided in the future in connection with other bills.

However, Mr. Speaker, in connection with this bill before us today there are different amounts of money involved. As to how much the total will be, it ranges all the way from possibly \$6 billion, up to probably \$9 billion, and this includes the money in the pipeline.

Mr. Speaker, there is a total of \$2 billion which is proposed for use in 72 countries which will be helped. In other instances there has probably been 100 countries which will be helped and possibly as much as \$38 billion have been expended on the entire program. But this particular bill when considered in connection with all the other bills having to do with foreign aid our total expenditures would go up to probably \$110 billion over the years the program has been in effect.

Those matters will be brought out, I am certain, in general debate. The gentleman from Indiana [Mr. MADDEN] has set forth his reasons in support of the bill. I agree we should have a certain amount of military and economic foreign aid, but I think the program has gone too far, consistent with the ability of the U.S. taxpayer to pay, and because of that I have always voted against this program.

I would like to set forth in the RECORD some of the objections five members of the committee have. I well realize all of us have had the opportunity to read these in the report, but the CONGRESSIONAL RECORD does circulate throughout the United States and many people are interested in reading it. I am inclined to agree with these statements and I would like to insert them in the RECORD, commencing on page 69, as follows:

The drain on the U.S. gold stocks are a direct result of the aid program;

The United States has a total of over a billion dollars in foreign currency in almost every country of the world, some of which could be used to lessen the strain on our dollars;

The cost of the foreign aid package is greatly in excess of the "barebones" amount requested by the executive branch;

The Congress is increasingly abdicating its responsibility to control the funds requested for foreign aid;

The unexpended balances (pipeline) in the program after June 30 this year will total over \$9 billion—many times the amount actually being authorized this year and accountability is being lost;

There is inadequate review of the expenditures under the foreign aid program;

There seems to be a general lack of concern for congressional intent expressed in some instances in the hearings on foreign aid and sometimes in the law itself;

Some actions being taken under the program may be detrimental to American business interest;

The use of contractual technical and advisory services by AID is being used far to excess;

Civic action projects financed under military assistance are being broadened to include large-scale economic assistance projects, rather than being limited to a grass-roots approach which has been its primary virtue in the past;

Economic assistance is not sufficiently reaching the people of the aid-recipient countries; and

The policy of increased East-West trade could very well be detrimental to the peoples of the Communist captive nations.

Then referring further to the conclusions on pages 92 and 93 of the minority report, I would like to have them inserted in the RECORD at this point. They are as follows:

CONCLUSION

Foreign aid has consistently fallen short of the utopian objectives so ardently expressed each year the program is presented.

It has not halted either the expansion of communism or the drift of many aid recipient nations toward Communist ideologies. Indonesia, which has received nearly a billion dollars of U.S. economic and military assistance, and Cambodia, which has received nearly \$400 million, are both embracing Peiping. We might add that the hundreds of millions of dollars given to Cuba in aid, including premium prices on sugar, did not prevent that country's takeover.

It has not improved the image of America in the eyes of the aid recipient nations. In every corner of the world and in spite of our efforts in the past, nations with, or often without the slightest provocation, take the opportunity to bitterly criticize the United States and her policies. At the present time, this is occurring in India and Pakistan.

It has not improved the stability of government. Current situations in the Dominican Republic where opposing forces have no regard for law and order and in Korea where the Government is daily combating the efforts of a mass of organized students in its attempt to stay in power demonstrate the failure of this objective.

The point has now been reached where the foreign aid program must be drastically reduced or an outraged public will end it. If submitted today to a referendum of the American people, there is no doubt that it would be doomed.

Fiscal year 1966 marks the end of the long-term authorizations for the development loan program and the Alliance for Progress. These programs representing as they do over 60 percent of the total appropriation request for economic assistance in 1966, must be minutely scrutinized before entertaining the requests of the executive branch for additional funds. We do not believe that AID, guided by its own self-interest for preservation of the status quo, qualifies to make the required top-to-bottom review.

A principal consideration in any program to be offered is the selectivity of our assistance. New nations, as they attain their autonomy, take the attitude that our largess is their inherent right. If any aid program is ever to have any benefit, it cannot be put on an automatic handout basis.

Saddled with backbreaking debt and borrowing billions of dollars each year, the United States can no longer fight wars and, through our aid program, finance the rest of the so-called free world without itself being plunged into bankruptcy.

I, too, am very much against communism. I have been fighting it for a good many years, ever since back in the thirties in investigating cases. If I were satisfied we were actually winning the fight over communism in spending this amount of money, I would change my vote and vote for the foreign aid program, but I am not convinced over the years, as I have watched the program carefully, that we have stopped communism to any great extent. In fact, it is my opinion the Communist Party in the United States is making more progress than it has made in recent years in the United States, not only through

its own actions but through the actions of others who are not informed. In recent years, it is not the revolution that is going to come from the standpoint of the situation to overtake a country like the United States of America; it is going to come about if we spend ourselves into bankruptcy. They may be voted in and will take over.

Those are the things that worry me as we have increased the program vastly in connection with spending programs domestically and otherwise all over the world.

Mr. Speaker, I reserve the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

IN THE COMMITTEE OF THE WHOLE

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 7750, with Mr. LANDRUM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania [Mr. MORGAN] will be recognized for 2 hours and the gentlewoman from Ohio [Mrs. BOLTON] will be recognized for 2 hours.

The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I yield myself 13 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, we have before us this afternoon H.R. 7750 which authorizes \$2,004,195,000 to carry on the foreign assistance program for another year and makes a number of amendments to the basic act.

There has been a good deal of discussion in the newspapers of growing dissatisfaction with foreign aid. There are a number of well-informed people who say that the foreign assistance program is obsolete and should be replaced with something better.

I would be the first to recommend that we trade in the present AID operation on a new atomic powered, streamlined model if the new model was available.

Today we are actively engaged in defending ourselves against Communist aggression on several fronts. Our defense strategy is based on the availability of foreign aid. We must face the fact that any new, all-purpose, waste-proof, foolproof, and low-cost model of a foreign aid program is not yet on the

drawing boards. We cannot postpone the war until we have better weapons. We have to carry on with what is available.

Let me point out that I am not ready to concede that the foreign aid program as now organized and operated is obsolete and ready for the junkyard. We have gotten a lot of mileage out of it, and we are getting a lot of mileage out of it today.

It is easy to compile a list of shortcomings of our foreign aid operations—of things it has failed to accomplish and situations it is unable to cope with.

It was easy to compile a list of the shortcomings of the model T Ford. There were a lot of things it could not and did not do. Some of us remember the handcrank and the magneto lights. They would be regarded as safety hazards today.

Yet the model T played a vital role in the Nation's transportation for a quarter of a century.

Let us not concentrate so hard on the deficiencies of foreign aid that we overlook what it is doing for us. We do not have a model T foreign aid program. We have a 1965 model which is better than the older models and which will render service of vital importance to our country.

We are learning more about foreign aid every year, and we are making better use of it every day.

We know that foreign aid is not a miracle vaccine which immunizes a country against communism. We have to admit that we may have poured a lot of money down the drain in Indonesia. On the other hand, every critic of foreign aid is confronted with the fact that the armed forces of Brazil threw out the Goulart government and that U.S. military aid was a major factor in giving these forces an indoctrination in the principles of democracy and a pro-U.S. orientation. Many of these officers were trained in the United States under the AID program. They knew that democracy was better than communism.

We find ourselves in a serious situation in Vietnam. The people of Vietnam are fighting and dying in the defense of their country. They have not surrendered to the invader. They have not resigned themselves to accepting Communist domination as inevitable. Without our aid, both economic and military, they could not carry on.

Eleven countries that rim the Sino-Soviet bloc, from Greece across Asia to Korea, maintain 3½ million men under arms. Our defense strategy depends on these forces to maintain internal security and to defend against small scale attacks. These forces would not exist without our military and economic aid.

We are aware that there are countries which after receiving aid for over a decade do not seem to be any better off than they were before. On the other hand, there are 26 countries—they are listed on page 11 of the hearings—which have received assistance from us in the past and no longer get U.S. economic aid. In most cases they have gotten on their feet and are able to maintain themselves.

While we find ourselves engaged in hot wars in Vietnam and the Dominican Republic, the free nations of all continents are resisting Communist domination. Without the support which the United States is giving or is able to give, I am sure that many of them would be trying to work out an accommodation with the Communist bloc.

While foreign aid has not accomplished everything that needs to be done, while it has failed on some occasions, while the struggle with the Soviet Union and Red China has not been won, foreign aid has made it possible to win some important battles and is an essential weapon if we are to win the important battles to come.

Now let me say something about the details of the bill:

The President is asking for an appropriation of \$3,380,370,000 for foreign aid for fiscal 1966. The request for new authorization was \$2,016,895,000. The difference is represented by funds previously authorized.

The committee cut the funds requested by only \$12,700,000. It cut the authorization for voluntary contributions to international organizations by \$10,700,000 and cut administrative expenses by \$2 million.

In addition to authorizing funds, the bill imposes some restrictions on the administration of the foreign aid program.

On page 15, line 6, of the bill—page 32 of the report—there is a provision cutting off aid to any country permitting its ships to carry cargo to North Vietnam. The language is the same as that already in the act relating to ships going to Cuba. The United Kingdom is now ineligible for aid because it has not stopped its ships from going to Cuba, but some of our friends and allies who still receive our aid have been permitting their ships to serve North Vietnam. This provision should make clear the position of the Congress and increase our leverage in dealing with foreign governments.

On page 1, line 11—page 8 of the report—is a provision indicating that aid should be cut off to countries which permit or fail to prevent destruction of our embassies or other property by mob violence. We did not enact a rigid requirement that aid be cut off because we did not feel that our policy toward a government should be determined by what a mob does or does not do. On the other hand, we believe that the Department of State and the recipients of our aid should give a higher priority to the protection of U.S. property from mob violence. We do not want such destruction to become an accepted procedure in the conduct of diplomacy.

The last section of the bill, page 19, line 17—report, page 36—amends Public Law 480 to forbid sales of farm products for foreign currency to Egypt unless the President determines that such a sale is essential to the national interest. If the President makes such a determination, a sale for only a year can be made. We do not want any more 3 year sales contracts with Nasser.

The bill includes several amendments to improve the effectiveness of our foreign assistance operations. None of

them is revolutionary in nature. They should make the machinery work better but they do not provide for a basic reorganization.

One important group of amendments, contained in title III of the bill, beginning on page 3, are intended to facilitate the operation of the investment guaranty program.

I think most of us would agree that the best thing that could happen to develop the undeveloped countries would be for the U.S. businessmen to undertake operations there. There is a greater shortage of management and technical skill than there is of capital in most cases.

There are so many risks connected with doing business in these countries that U.S. firms are not willing to assume them. The investment guarantee program has been developed to make it possible for American businessmen to go into undeveloped countries with a reasonable opportunity to make a profit.

Guarantees are offered against convertibility of earnings, expropriation and war, revolution and insurrection. The program is expanding rapidly, and contracts have been issued at the rate of \$80 million a month in recent months.

As the program has expanded, a number of problems have been encountered, and certain changes in the basic authority have been provided as well as a raising of the ceiling on the volume of guarantee contracts which can be entered into. A detailed description appears on page 10 of the committee print.

Another significant group of amendments are designed to facilitate sales of military equipment to our friends and allies. It is not generally realized that the United States is selling to other governments, for good American dollars, as much military equipment as we are providing on a grant basis.

In fiscal year 1964 we collected \$1,200 million for sales of military equipment to 50 allied or friendly nations. Sales are currently running at the rate of \$1,500 million a year.

As long as we desire that our allies and other countries on our side have adequate supplies of modern weapons, it is better for us to sell to them than to supply them free.

The bill includes a number of amendments to existing law to improve the operation of this sales effort. Details are given beginning on page 27 of the committee report.

Before I close, I want to say this. I heard some talk of voting against the foreign aid bill as a protest against what is going on. Let me urge that before anyone votes against this bill he give a lot of thought to what he is really protesting against.

A vote against this bill will not produce a new and better program for the critical months ahead. We can curtail the program, we can eliminate vital parts of it, and we might make improvements in its effectiveness by amendment to the basic legislation, but we cannot develop a new and better program on the floor of the House.

Every one of us must decide for himself whether there is any possibility of

winning the war in Vietnam, restoring tranquility to the Dominican Republic, defending Latin America against Castroism, and containing the aggression of Red China without the funds and the authority contained in the bill before us. For most of us, I am sure, the answer is clear. The foreign assistance program, this foreign assistance program, is vital to our security.

Mrs. BOLTON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, once again we are engaged in our annual "minuet on foreign aid." The music prepared by the executive branch is soft and soothing; we on the committee have added an occasional note or a random bar that does not disturb the harmony. Some will pirouette around the language in the bill until the audience is no less dizzy than the performer who attempts to justify the provisions. Others will curtsy to each other as they exchange explanations of what the committee has reported out. And when it is all over, we will have voted for another year of an international Appalachia program.

Over the years I have supported the basic objectives of our mutual security programs under both Democratic and Republican Presidents. But I have differed with each from time to time on specific items in the program and the dollar amounts to be spent. There is no question but that the AID programs under their various names have made mistakes of both original decisions and administration. How could it have been otherwise when there were 11 directors in 15 years? An outstanding failure of the present AID program is Indonesia, where Sukarno has not only insulted us but worked counter to our national interest. On the other hand, there are examples where success has been achieved and aid is ending. An impressive such case is that of the Republic of China, on Taiwan. The efforts of their people, with U.S. assistance, have brought about remarkable changes.

Few Members of this House have lived with the foreign aid program as long as I have. It has been a little more than 24 years since I was first catapulted into the middle of it.

It started with modest objectives and clear priorities. I know only too well that the world into which it was born has become infinitely more complex in the intervening years. The leadership that centered around our country and the Soviet Union only 18 years ago has been challenged, and in some cases, splintered by old allies and new neutrals. I often recall a phrase used by our former colleague, John Vorys, who said of foreign aid that "it is like shooting at a moving target." That is so true. But it is no reason to substitute a shotgun for a rifle.

Those of us who over the years have fought for foreign aid are suffering from combat fatigue. Why? Not because we weary of a long fight. We knew that we could not work out neat time phases for each part of the program. We are growing tired because the program has grown confused and disordered. First things seem to come first except in foreign aid

where first things come second or third—or maybe not at all.

Let me offer one example. In every one of the underdeveloped countries to which we are giving assistance, the most persistent problem they face is a rapidly expanding population. In simple terms this means more mouths to feed. How are we helping them meet this solution? Through the sale of our surplus agricultural commodities we help them deal with today's needs. But if they are to cope with tomorrow's demands, they must direct their energies and we must gear our assistance to intensive and concentrated attention on agricultural production. In my scale of values this is putting first things first.

Are we doing that? I fear not. Instead, we are dabbling in agriculture while we disperse our manpower and money in fields of industry, transportation, and multitudes of very costly projects. The result is that we contribute to the growing gap between the agricultural sector and the urban sector of these countries, stimulate inflationary trends, and only make more difficult the internal political integration that so many of them are lacking. The political evolution of these countries will do more to determine the course of their economic development than all the aid they may receive.

Would it not have served our purposes and the needs of the people better if in Indonesia, to cite one instance, we had confined our program to one that would make the natural abundance of that country more easily available to its people? Certainly, Sukarno would have been no more unhappy with our assistance. I remember long ago that Burma had lost its markets for its rice. At the same time we sent rice to those countries that had formerly bought Burmese rice. They did not have to buy it from Burma. Who regards this as an intelligent approach?

It is no satisfaction to say that increasingly we are lending instead of giving money.

In a recent report made by the Agency for International Development on the matter of loans there is a note of real caution on the problems raised by loans. Why? Because if they borrow too much they will not be able to pay it off. I believe we should think of it from their angle some of the time. Among the conclusions in that report is this statement:

The debt service burden of those (developing) nations is rising at a pace which threatens the success of the development effort.

Should not this statement in itself serve as a warning that perhaps we do not know as much about the intricacies of development as we are led to believe?

I say that because so many people come to us and say we should lend and should not give grants. Perhaps we should, but let us make sure that we are not lending to countries who will never be able to repay it and who will go bankrupt if they tried to.

Mr. Chairman, in view of the testimony before the committee, I was dis-

appointed that the reductions made were so small. Only two items were cut—one for administrative expenses, which could well be cut, and the other for programs in the field of international organization. And in that instance, the Executive reported that it could not use the money it had originally requested.

I do not enjoy a meat-ax reduction in any program. I would prefer to make my decision on the amounts on the basis of the merits of each program. Unhappily, the structure of this program is such that the individual Member has no alternative but to propose a nice round figure to be sliced off and hope that it affects those programs of which he does not approve and from which this money should be taken. The same observation can be made about the personnel who are operating this program. This winter our colleague, the gentleman from Ohio [Mr. HAYS], who is intensely interested in our personnel overseas, made a quick visit to one country. In one AID mission he found that 40 percent of the personnel listed as "on board" were not in that country. If AID does not know who is where, can we expect that its report on the program can be given any credence? I am objecting to the way it is done. I am not objecting to the fact that we must do it, which I believe.

Mr. Chairman, from its inception foreign aid has suffered more from its unconstructive proponents than it has from its unreconstructed opponents. Those who stand somewhere between these two extremes, who want an effective foreign aid program, have had an increasingly difficult task attempting to inject some sense of order and priorities into it. The Executive has a responsibility and a right to propose the dimensions of the program. No one quarrels with that. But the ultimate responsibility rests right here, in this body, to limit Executive discretion in its administration of the program.

We in the Congress perhaps have given much more encouragement to a growing reliance on Executive discretion. We have written tough language in the law but we have qualified it by saying, "it is the sense of Congress," or "the President may waive" a particular provision. I fully appreciate that Congress does not have the intimate details of delicate situations upon which to make findings in every international crisis. But Congress does have the right to determine how this Nation's resources will be used. What of our responsibility in this regard?

I know only too well that the foreign aid program has been studied and restudied by individuals and groups inside and outside the Government. Those within the executive branch are hardly objective analysts. Those outside the Government seldom find where the bodies are buried. One instrument available to the Congress is the General Accounting Office, that ancient agency which has made numerous reports upon deficiencies in particular parts of the program. But how many Members know what those reports contain? We on the committee seldom know when they are sent to us. Several years ago our com-

mittee wrote into the bill—and it was enacted into law—a provision establishing the office of inspector general for the foreign aid program. I suppose that office is busy—but if anyone asked me what it has done to keep the program on the track, I would have to confess that I have never seen a report from that office.

If I seem critical of foreign aid—I am. Not because I have lost all faith but because I have lost much hope. Hope that it will be clear in its objectives, realistic in its programs, firm in its administration. It is not a program that can be carried on by consensus but only by diligent application to details. Foreign aid can never be an adequate substitute for foreign policy. It is only one instrument which is available to further our diplomatic objectives. If we make it the sole or principal instrument we run the risk of reducing our foreign policy to an article of merchandise that can be bought and sold. Then we will be in real trouble.

I shall vote for H.R. 7750 though with more than usual reluctance. I believe that this country—my country—has assumed a responsibility it cannot sidestep. I am not one to sidestep responsibility in any form. That your committee has given much time and effort to its consideration, before bringing the bill to the floor—is surely self-evident. Though I have doubts about parts of it I feel it should be passed. To that end I shall vote for it.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. ROSENTHAL].

(Mr. ROSENTHAL asked and was given permission to revise and extend his remarks.)

Mr. ROSENTHAL. Mr. Chairman, while I strongly urge the passage of this authorization, I am not unmindful of a deep and growing disquiet about foreign aid—and indeed, widespread concern about the entire range of our foreign policy. Many of us, I think, are also bothered by the apparent erosion of the congressional role in foreign affairs. Speedy and unchallenged ratification of policies conceived and administered by the Executive may well be the only job left to Congress, given the nature of present world commitments and spontaneous crises. But we must recognize the proportions of this constitutional problem, and subject it to careful scrutiny and discussion.

The foreign aid program represents the single foreign policy issue in which Congress maintains a crucial function. Under the distinguished leadership of Chairman MORGAN, the Foreign Affairs Committee, of which I am a member, has labored extensively and diligently to clarify the program, to examine its specifics, and to pass judgment on its overall character. But such work has, of necessity, taken place in committee hearings, usually closed to the public. And now, following the hearings, the entire House must ratify the program, and with it all the assumptions underlying our foreign policy.

I want to make it clear that I am deeply bothered by what seems to me the

inadequate execution of our constitutional commission in foreign affairs. Several weeks ago, during the short debate over the Vietnam appropriation, I suggested that the Congress was largely guilty of a conspiracy of silence about Vietnam in particular, and foreign affairs in general. I still feel that way.

I am hopeful that future debates over foreign aid will initiate all-encompassing and open discussion of American foreign policy. Such action would be fitting, not merely because consideration of aid is a special congressional duty, but I think it is also true that the topic of aid itself provides a valuable focus for the consideration of larger foreign policy questions. Our uncertainty about foreign aid, in other words, is really a reflection of our concern about our entire foreign policy.

For example, when we ask questions about the feasibility of continued aid to, say, Egypt or Indonesia, we are really studying the nature and extent of all our commitments abroad. When we wonder about the connection between military and economic aid in individual missions, we are really asking questions about the form and manner of executing all those commitments. And when we examine the administration of aid programs, we are really seeking to understand how we should relate to governments and, equally important, peoples different from our own.

If it is somehow true that the problems of our aid program are really miniatures of those issues which complicate our entire foreign policy, I think it is proper to call for a new patience in dealing with foreign aid. For it is quite clear to me that the field of international affairs is presently in radical turmoil, undergoing changes which we must all pause to comprehend. In so doing, we must then subject our discussions of aid to the new realities and new categories of what we must begin to call the "second cold war."

Threats to stability and peace, for example, no longer come exclusively from the presence of the Red army in Eastern Europe or the economic vulnerability of Western Europe. These may have been the original realities which prompted foreign aid programs, but it is now time to release ourselves completely from the habits and perspectives of the Marshall plan, where we were accustomed to expect speedy and equitable political returns from our initial economic investments.

The present object of our foreign aid is principally the building of societies unaligned with the Communists or the West, rather than the rebuilding of nations composing our own alliance. This requires an entirely new attitude to world aid, one which patiently tries to see beyond short-term balances of power to long-term international security.

Those who prefer to talk in bare, strategic terms can be reminded that the character of conflict in this second cold war makes aid programs as much a weapon as a handout. For it should be clear that indigenous revolutionary

movements in the unaligned and underdeveloped third world would have now become the basic sources of conflict and instability in international affairs. There is no common denominator to such movements except an unrestrained dissatisfaction with exploitation, repression, and unattended grievances. Again and again, enlightened proponents of foreign aid have made it clear that aid is itself a strategy for anticipating these conflicts by striking at their roots. This lesson should by now have been learned by all of us. What we should presently be doing, therefore, is seeking out the implications of this truth.

First and foremost, we have to start learning what a revolutionary movement is all about. To cry "Communist" as a matter of conditioned reflex defeats every purpose underlying a proper strategy of foreign aid and larger policy goals. In the Vietcong and Dominican rebels we have clear evidence that revolutionary movements differ in their composition, aims, and ideologies. Of course, there are Communists involved. But to pretend that such movements represent an undifferentiated worldwide conspiracy inevitably masterminded by the Kremlin, Peiping, Hanoi, or anywhere else is to foreclose any hope for resolution of conflict and for peaceful progress. At their outset, these movements are more often than not masterminded by nobody at all. Their birth takes place more or less spontaneously. In their youth, there is usually a coalition of forces spending as much time disagreeing within itself as fighting a common enemy.

But what such movements are to become in full maturity is finally a matter of what we help them to become. By assuming they are Communist, we can help make them Communist. By acknowledging them as potentially democratic, we can help make them democratic. But by changing horses and riders again and again in midstream, we can put ourselves in the position where our only interest is in some stability and order—regardless of what kind of stability and what kind of order.

All of this bears directly on the topic of foreign aid. Among other things, foreign aid is the mechanism by which this country seeks to guide such revolutionary movements in what we believe to be a democratic direction. It is a systematic strategy for enlightened internationalism—though we should also realize it is a form of interventionism. Sometimes, I wonder if such action is proper. Sometimes, I wonder if we have any business telling other people what sort of society they should run. And, sometimes, I wonder if we really can overcome the enormous legacy of resentment in the postcolonial world—resentment which sees any American presence as incapable of benevolent motivation. These are the issues which desperately need to be raised and discussed in debate, here in Congress.

But as long as there is a consensus which argues that we have commitments to the revolutionary underdeveloped

world, then we ought to get straight how these commitments can best be implemented.

I suggest that the only means of achieving a useful presence in such parts of the world lies in making a vast program of foreign aid the absolute basis of our overall policy. I am talking about \$6, \$7, or \$8 billion a year, at least 1 percent of our annual gross national product. This would have to be aid in depth, concentrated in crucial and representative areas, rather than scattered superficially throughout the world. It would involve administering aid to people and their democratic associations and movements, rather than bolstering up uncertain or questionably representative governments. We would have to follow the community action spirit of the Peace Corps and poverty program—grassroots projects to build societies from the bottom up. Such programs would have to be executed with the full patience and confidence in the power of our own commitment—and this means patience and confidence from Congress. We must learn to outgrow a compulsive paranoia about Communists, while we must also refuse to underwrite totalitarian governments unresponsive to the plight of their people. We must learn to accept and even promote forms of association and government different from our own, though democratic in spirit. Finally, however, we must be prepared to exercise restraint and an ability to accept realities, to follow and support the expressed will of such peoples and movements rather than seek to define their futures for them.

Much of this spirit can be found in our present program and in those capable men who plan and execute it. But nothing less than the extensive commitment I suggest—\$6, \$7, or \$8 billion a year—seems to me to have any real chance of yielding the peaceful progress we seek. The minimum program currently before the House may preserve the idea of foreign aid. It may maintain our presence in certain countries where we have made progress and where more progress is in sight. But I cannot see a successful execution of an enlightened aid program when there are those who constantly seek to emasculate it by denying it the proper means to its end. This is like sending a battalion to do the job of a division. It is a holding operation at best. The military analogy is real and pertinent because, as I have suggested, we are talking not only of altruism but of strategy.

As of now, old enemies and former friends of foreign aid seem to be calling for an end to aid by 1967. I want to put myself on record as strongly opposing any such action. It represents a failure of patience, nerve, and foresight. However, I also want to make it clear that the present program—a skeleton under attack from many sides—will never really be able to implement fully the real strategy of foreign aid.

I believe that our failure to devise, equip, and most important, accept in our minds an extensive and enlightened aid program for the revolutionary underde-

veloped world largely explains why we are so intractably involved in such crises as those in Vietnam and the Dominican Republic. Until we have the courage, will, and resources to aid revolutions in their early stages—such as the South Vietnamese, for example, in 1955—or until we can renounce all dictatorships and back democratic revolutions in Latin America, and until we can take such steps through the medium of a bold policy of foreign aid, I believe we must sadly acknowledge that the continuing crises in the uncommitted third world will involve us in a protracted second cold war, no less demanding and frustrating than the first cold war. This second cold war will perhaps be less dangerous since it may be limited to small conflagrations rather than confrontations on the brink of nuclear war. But it will be more complicated, since we shall be dealing not with the monolith of Russian communism, but with small and varying national revolutionary movements, seeking to define their own identity. The overall diplomatic picture will be altered by the Sino-Soviet split. Such a cold war will dissolve much of our energy, and patience, denying us the resources and attentions with which we hope to build the Great Society.

I believe we must all declare our commitment to foreign aid, as both a humanitarian sharing of our abundance, and as a strategy for anticipating a conflict and nourishing progress. This approach will not flourish unless we are prepared to be patient and sensitive to world realities, as a first-rate diplomatic power, as well as a first-rate military power.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I will be happy to yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, the distinguished gentleman from New York has made a very thought-provoking and careful analysis of our diplomatic problem, our foreign policy strategy, and a strong case for the foreign aid program as a whole. I compliment him on his concise and clear thinking, and certainly I want to associate myself with his fundamental conclusion.

Mr. ROSENTHAL. I thank the gentleman.

Mr. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, a good many of us are opposed to this legislation that is before us. We are opposed for reasons which are similar to or identical with reasons which we have previously set forth. Basically it is because we do not believe this legislation is accomplishing the objectives its proponents would wish that it might accomplish; those that its proponents hope that it can accomplish. Therefore, if it is not accomplishing them, it is, in the opinion of many people, including myself, important that we reconsider our whole concept of foreign aid.

At the outset, let me bring to the attention of members of the committee the

fact that I have in my hand a document classified as "secret" which lists proposed economic and military assistance for every country expected to receive such aid during fiscal year 1966. I mention this because very often Members come up to us and ask, "How much is country X going to get, how much is country Y going to get, and how much is country Z going to get?" Under classifications imposed by the Executive, much of that information is not available to be made public. If there are such questions, I would again suggest that you make use of this material which I have had gathered together and which will be at the committee table here.

We have heard figures today about the cost of the foreign aid program. Roughly speaking, in round numbers, we are asked to provide appropriations of \$3.4 billion this year. I must use the term "appropriations" because, as previous speakers have pointed out, some of these funds have previously been authorized and the appropriations will be made against existing authorizations. However, this appropriation request is about \$3.4 billion. Some will say that is all that our foreign aid is going to cost us for fiscal 1966. Such is certainly not the case.

As we have tried to point out in previous years foreign aid is not one bill; it is not one simple program. Rather, it is a number of pieces of legislation all dealing with the general subject of foreign aid. On page 72 of the committee report in the minority views we have prepared a tabulation which I commend to your attention. In that tabulation we show, that by including other items which are in fact foreign aid although not called by that name, for the next fiscal year instead of \$3.4 billion we are in fact expecting to appropriate almost \$6 billion; not quite double, but a very great increase over the amount bandied about as the annual cost of our foreign aid.

There is in this year's bill one item which concerns very deeply a number of us. That is the standby authority, sometimes referred to as the blank check, for southeast Asia. The President requested authority to ask for appropriations not limited in amount for use in Vietnam. The committee in the bill which it reported out granted such authority to the President for southeast Asia.

In other words, without any further authorization, without giving the question the consideration which the authorization process brings to it, the President is now authorized in this bill to ask for the appropriation of such sums of money, military and economic, as he desires for use in southeast Asia. I think this is unwise for a number of reasons. First of all I think that the Congress, and especially the Committee on Foreign Affairs, has an obligation to look at the specifics of these requests and not grant this authority in blank.

Secondly, we, the Members of the Congress, and particularly of the House of Representatives, have demonstrated twice in the very recent past that when called upon to act quickly on matters in that part of the world we can do so. You will recall that after the chancery build-

ing of our Embassy in Saigon was bombed, within a matter of hours, I think a little more than 24 hours, we heard testimony considered, and authorized \$1 million for the construction of a new chancery. It was forthcoming almost at once.

A second time, when the President called many of us to the White House to point out that he needed an additional \$700 million for the war in southeast Asia, within a few days he had the authorization which he needed. I am saying that these two actions give every assurance that when necessary the Congress can and will act quickly, expeditiously, if it is in the national interest.

Therefore I feel that the broad authority which we have given to the President of the United States with respect to southeast Asia is unnecessary and unwarranted.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding. I should like to compliment him on his statement. While he and I do not agree as to the wisdom of the foreign aid program I feel strongly that he is on sound ground in pointing out the weaknesses of this so-called standby provision of the contingency fund.

We have a matter of considerable substance involved in this provision, one which concerns far more than the jurisdiction of the Committee on Foreign Affairs. If we should grant an authorization for any amount, with no ceiling of any kind, for economic and military assistance for any place in southeast Asia, we would be giving the executive branch very far-reaching authority. We have no particular justification for such action, except perhaps the psychological justification that we are anxious to do what we can to back up the executive branch as it faces a difficult situation. Yet, as the gentleman has pointed out, the speed with which Congress can act, and in the very recent past has acted, shows that there is no necessity for bypassing the normal legislative processes. The executive branch can initiate justifications and request additional funds and have appropriate action taken by Congress.

I would think also, Mr. Chairman, that this request comes at a poor time and, therefore, should be considered well before any action is taken, because we have just recently appropriated an additional \$700 million for our own efforts in southeast Asia, in addition to the amounts made available for foreign aid in fiscal 1965 and in addition to the very substantial amounts projected for fiscal 1966, both in military and economic aid.

Mr. Chairman, I believe the gentleman is making a very important point. I trust that there will be some attempt made to eliminate this provision.

It may be that we should increase the amount in the contingency fund which would then be available for a sudden emergency, if it should develop either in southeast Asia or somewhere else. One of the reasons, the gentleman will recall,

that the standby authorization is being asked for, the so-called blank check with no ceiling on the amount is because the contingency fund is being reduced.

Mr. Chairman, it seems to me that this is obviously robbing Peter to pay Paul.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ADAIR. I thank the gentleman from New Jersey for his observation and certainly agree with his remarks concerning the standby authority.

Mr. Chairman, one of the criticisms that has been leveled through the years at the program has been the loss of congressional control. And, I fear that if this provision remains in the bill, we will be accused of a further reduction of the congressional supervision and congressional control.

Now, Mr. Chairman, a few words about the matter of the so-called pipeline or unexpended balances. Year after year we talk about this because some of us feel that they are excessive. The pipeline figures have run in this program—and I believe it was 1953—as high as \$10 billion. In the sixties they have been averaging near \$6 billion. But notice what this is. We are here with an appropriation request of \$3.4 billion. There is a carryover in our pipeline of \$6.2 billion, not quite double the amount of the annual request. Now this obviously is an amount far greater than we need.

As an example of where some of this money may be, I would refer members of the Committee to a study made by a staff group of the Committee on Foreign Affairs not too long ago. This group went into one Latin American country and found that there was a half million dollars just laid aside in this country. It had been earmarked for something but it had not been used. It had not been deobligated. The chief of mission was holding it there for some unknown contingency that might arise in the future.

As a result of the findings of the staff study the funds were deobligated. But this is illustrative of what may be happening in scores of countries throughout the world.

Therefore, Mr. Chairman, I feel that if every effort were made to bring in these amounts which were earmarked and not drawn against for 1 or 2 years, or perhaps never, our pipeline could be greatly reduced and, accordingly, the annual request would not have to be so large.

I should not conclude my remarks without saying there are many more useful things that could be said by those who may object to the program as a whole.

I would urge Members who have questions in their minds to read the minority views beginning at page 69 of the report. We point out in much more detail than I am able to do here why we believe this program as now advanced is not proper and should not be supported.

Let me conclude by saying that there has been too little distinction made between those countries which are friendly to us and the free world, which are will-

ing to bear their fair share of the burden of preserving peace throughout the world, and those countries that are not.

Making such distinctions is largely a neglected function of our foreign aid program. We should center our assistance in those countries which do recognize their obligations and are willing to assume their responsibilities as nations in a world that we hope will be eventually wholly free.

There are parts of this bill I think anyone would approve. The committee made no reduction in military authorizations. In fact, we made a little reduction of any kind. A reduction of some \$12 million in a \$3.4 billion bill cannot be considered to be very large.

I believe the people-to-people approach to the solution of world problems is far better than that which simply says: "Take our dollars and solve your problems."

Let us conduct our foreign affairs in such a manner as to encourage and strengthen friendly nations—and their people who desire to live freely under governments of their own choosing.

Mr. MONAGAN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the Foreign Assistance Act of 1965.

At the outset, I want to assure my colleagues that the House Foreign Affairs Committee once again has worked long and hard on this legislation. Under the able and conscientious leadership of our chairman, the gentleman from Pennsylvania [Mr. MORGAN], the committee thoroughly reviewed and scrutinized the 1965 budget request for foreign aid submitted by President Johnson.

As you know, the request this year is the smallest ever made in the history of this program. After weeks of hearings, study, and review the committee cut the authorization submitted by the executive branch by \$12,700,000.

In my remarks today I wish to address myself principally to two important issues in the legislation before the House: the unexpended balances or so-called "pipeline" and the guarantee loan funds for housing projects in Latin America.

UNEXPENDED BALANCES

Mr. Chairman, a perennial criticism made of our foreign assistance program is that it holds sizable unexpended balances. According to this line of reasoning, the larger the unexpended funds, the less need to appropriate new money for foreign aid.

What these critics often purposely overlook is that these balances—or pipelines—have been obligated for goods and services which are on order, but have not yet been delivered. In future months, as projects abroad come to fruition, these balances will be drawn upon—not the funds we are being called upon to authorize today.

It is plain and simple fiscal irresponsibility to challenge the need for the pipeline.

No well-run government program, no efficient government agency—whether at the National or State or local level—would spend all its funds within a fiscal year.

There must be a carryover, there must be continuity, if sound economic requirements are to be observed.

I am sure that if AID hastened to spend every dime appropriated for it during a fiscal year and came before Congress with empty pockets, those same critics of the pipeline would be the first to charge that the agency had been guilty of reckless spending.

It was particularly gratifying to me to note that the minority report on the Foreign Assistance Act of 1965 recognizes the need for the pipeline and acknowledges that these funds are obligated and cannot be made available for other uses.

THE SIZE OF THE PIPELINE

Some criticism has been leveled, however, at the size of the AID pipeline.

The Foreign Affairs Committee has given careful study to the dimensions of the unobligated and unexpended balances of the foreign assistance program. It has not found them excessive when compared with similar figures for other agencies of Government.

I would direct your attention to page 5 of the committee report. There it can be seen plainly that the amounts in the pipeline of the military assistance program have fallen steadily, while the unexpended balances of the Department of Defense have increased in recent years.

It also is instructive to note the chart on page 6 where the unexpended and unobligated balance of the foreign assistance program are compared with a civilian agency—the Department of Agriculture.

Note that while the pipeline of the foreign aid program was remaining fairly steady from 1956 to 1965, the unexpended balances of the Agriculture Department more than doubled.

Further, in the same decade, the unobligated-unreserved funds of the aid agency dropped by one-quarter, while similar funds in the Agriculture Department amounted to four times as much in 1965 as they did in 1956.

The fourth column of the table shows the unobligated-unexpended funds of other Federal agencies. It confirms a trend throughout Government toward significant increases in both financial categories in the last 10 years.

The foreign assistance program, it should be noted, has held the line against this trend better than most Government programs and agencies.

COMPLICATING FACTORS

Of course, the committee would like to see the amount of unexpended balances in the aid program reduced even further. Realistically, however, a sizable reduction is not to be expected as long as the program is keyed to loans, rather than outright grants of money.

Loan funds are obligated—and cannot be used for another purpose—when an agreement is reached with a cooperating country. Expenditures against that loan

are made, however, only as deliveries are made and the work progresses.

In the case of a large project—such as a hydroelectric dam or a steel mill, the lag between the time the loan is pledged and the time that the pledge is fully redeemed in cash may be a number of years.

Other factors which work against substantial reduction of the pipeline are the political implications and complexities which accompany our foreign aid program.

At times the United States has entered into loan agreements with another country—and has obligated funds—only to have political or economic complications occur in the recipient nation which make it either impossible or imprudent to expend the obligated funds.

Often these situations are only temporary. AID simply by waiting a suitable period until conditions have changed again, can validly redeem its loan pledge. In the meantime, of course, these funds are considered "in the pipeline."

Still another complicating factor is the political impact of canceling a loan once it has been promised.

While cut-and-dried fiscal principles might dictate that a loan obligation be withdrawn, the necessities of diplomacy may require that it be left on the books.

To be convinced of the political consequences of withdrawing promised aid, we need only think back to the unfortunate effects of the decision by the United States to cancel its obligations to assist with the construction of the Aswan high dam.

UNOBLIGATED FUNDS IN GREECE

In the minority report specific mention is made of funds obligated to Greece in 1962 which still were unexpended as of December 1964.

It is no secret the AID has experienced some difficulties in obtaining effective and efficient use of U.S. loan funds in Greece. At the same time, however, it would be premature to characterize these obligations as useless.

Last year, for example, a firm in my congressional district was able to make use of loan funds in Greece which had been obligated—but unexpended—for several years.

If the funds had not been there, the contract probably would have gone to a West German firm.

Because the loan funds were available—and because AID officials quickly cleared all obstacles to their use—our American firm received the contract.

The result was increased employment of workers in my district and, thereby, more general prosperity in our community.

Further, the fact that an American firm received the contract rather than one from West Germany assisted our national balance of trade and our balance of payments.

If a moral is to be drawn from this example, it is this: It is shortsighted to criticize obligated funds because they are unexpended for some months, if those funds are available at the time they are needed and can be used effectively.

LATIN AMERICAN HOUSING

At this point, Mr. Chairman, I would like to turn to section 103(e) of the bill, which amends section 224 of the act, relating to housing guarantees in Latin American countries. The new language would have several effects:

First, the purposes for which guarantees can be granted under section 224 is broadened. No longer limited to developing self-liquidating pilot housing projects, these guarantees could be used to develop institutions engaged in Alliance-for-Progress programs.

Under the new authority granted by the committee amendments, guarantees may be issued to eligible U.S. investors for loan investments in a number of beneficial projects and organizations:

First, credit institutions in Latin America engaged in the financing of home mortgages—such as savings and loan institutions.

Second, housing projects for lower income families.

Third, housing projects which promote the development of free institutions in Latin America—such as labor unions and cooperatives.

Fourth, housing projects for which 25 percent or more of the mortgage financing is made available from sources inside Latin America, and which generally have a per-unit cost of less than \$6,500.

In order to insure that there will be adequate issuing authority for these guarantees, the committee has increased from \$250 million to \$450 million the total face amount of guarantees that may be outstanding at any one time under section 224.

THE NEED FOR THIS PROGRAM

Mr. Chairman, I am convinced that the committee amendments to section 224 of the Foreign Assistance Act are most significant and deserve the approval of Congress.

As evidence of this, let me briefly enumerate some of the beneficial effects which the expansion of these housing guarantees would have:

First, it would allow American labor unions to invest in decent, low-cost housing for their counionists in Latin America, thereby matching Communist propaganda promises with democratic bricks and mortar.

Second, as the bill now stands, it would allow the creation of new autonomous institutions for lower income groups in Latin America, as offshoots of the housing projects. These grassroots organizations would have a stake in their own communities—their own countries—and would be less likely to heed the blandishments of communism.

Third, the expanded guarantee housing program would assist low-income groups directly by providing for participation by local cooperatives, labor unions, and savings and loan groups.

For example, this program would allow support for Father McClellan's renowned "people's mutual" savings-and-loan institution in Peru. In the past Father McClellan's efforts at assisting the poor of Peru have been to a degree thwarted because his projects depended on U.S.

aid to trickle down through a bureaucratic, oligarchic government.

Often Father McClellan never received the loans which had been promised to him. The committee amendment would allow direct, people-to-people assistance to him, and to others like him throughout Latin America.

A fourth benefit of the committee amendments is that by embodying a "people-to-people" approach it helps establish true grassroots democracy and counters excessive state control. The process of decentralizing power in Latin American countries and promoting democratic pluralism is important for the future stability and well-being of the people of that area. The expanded housing loan guarantees will assist that trend.

Fifth, the loan guarantee program eases the burden of the American taxpayer by encouraging the American private sector to participate in foreign assistance. Because of the committee amendment, \$450 million will go to Latin America from private investors. If this cost had to be met directly by AID, it would be at the expense of the taxpayers.

Further, by encouraging institution building, we hasten the day when Latin American will be self-sufficient and U.S. assistance can be terminated.

OBJECTIONS ARE MET

The American Home Builders originally had objected to the version of section 224 submitted by the administration because it limited private pilot or demonstration projects to \$250 million of a \$350 million loan guarantee authority.

Since the old authorization of \$250 million was almost entirely committed to private projects, the additional \$100 million requested by the administration would have gone almost entirely to projects sponsored by unions, cooperatives, and savings and loan groups.

Although the private builders had no objections to the institution-building approach, they protested that the new language in the law would discriminate against their private projects.

The House Foreign Affairs Committee has met these legitimate objections by increasing the guarantee authorization from the old limit of \$250 million to \$450 million—rather than the \$350 million requested by the administration.

This increased authority will be available for allocation between private builders and the co-ops, savings and loans, and unions. Thus, the present bill is acceptable to all interested parties.

SUMMATION

Mr. Chairman, it is my strong conviction that references in this bill to union, cooperative, and savings group projects must be preserved, and the authorization of \$450 million in guarantees should be approved.

Otherwise, housing projects for low-income families will be seriously hampered.

Thousands of children who might have had decent housing will continue to live in filthy hovels.

The benefits of aid from American unions and other private groups—which cost the taxpayers nothing—will be lost.

Mr. Chairman, even as we deliberate here today, Latin America is in a ferment of unrest and rebellion.

In Bolivia, there are riots, strikes, and attempts at assassinating Government leaders.

In Venezuela, Communist-inspired guerrilla terrorists roam the countryside killing and looting.

And in the Dominican Republic, our own Marines must enforce order and an end to fratricidal fighting.

Can we afford to watch the revolution of rising expectations in Latin America and refuse to help channel its energies into legitimate paths and peaceful progress? Can we allow the Communists to win in Latin America because we have defaulted our responsibility to our brothers in the Southern Hemisphere?

The answer is clear. We must take effective action.

Expanding the loan guarantee program is effective action. That is why it must be retained in the Foreign Assistance Act of 1965.

In conclusion, Mr. Chairman this bill which is an essential tool of our foreign policy—carefully scrutinized under the leadership of our able and esteemed chairman, Dr. Morgan—should be approved in its entirety. I urge that any crippling amendments be defeated and the legislation passed by an overwhelming vote.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, the annual bargain-basement for foreigners is open once again and ready for business.

By this time tomorrow evening the leaders of assorted foreign governments will be able to lick their chops in anticipation of the gift packages they will receive throughout the next 12 months from that wonderful Uncle Santa in the White House in Washington and his helpers, who hold forth in Foggy Bottom, to make sure that all packages are neatly wrapped, properly tied with gay ribbon, and delivered promptly on a freshly polished silver platter.

It might be noted in passing that a silver platter is used because there is not enough gold left at Fort Knox to even plate the platter. France, among a number of nations which used to get gift packages from Uncle Santa every few days, is doing everything it possibly can to relieve the United States of the stigma of having any filthy gold in its possession.

To every other country in the world there seems to be something worthwhile about having some gold around. To the author of the Great Society and his sublieutenants who operate out of Foggy Bottom and on Capitol Hill there seems to be something sinful and evil about the possession of gold.

This whole foreign handout business would be laughable were it not for the fact that since World War II more than \$130 billion have been filched from the pockets of Americans and scattered from Ougadougou to Timbuktu and back again. And now it is proposed to extract an-

other \$3½ billion through the medium of this bill even though the pipeline will be clogged with an estimated \$6 billion of unexpended funds on June 30, the end of this fiscal year.

And to what end has this vast amount of more than \$130 billion been spent?

In his message to Congress on March 13, 1959, President Eisenhower said that as a result of foreign aid our friends among free world nations make available to us for the use of our forces 250 strategic bases, 5 million ground forces, 30,000 aircraft, and 2,500 vessels.

Today, at this moment, the United States and South Vietnam are at war with Communist North Vietnam. Where, we ask, are those impressive military facilities of our so-called free world allies that were supposed to be available to us as a result of the outpouring of billions in foreign aid?

Where, we ask again, were these allied forces in the Korean war? Excluding South Koreans, Americans did 95 percent of the fighting and dying and all the financing of that effort to halt communism.

During the Korean war some of those who were the beneficiaries of our foreign aid, and who claimed to be our allies, never ceased trading with Red China without whose troops and war materials there would have been no war in Korea.

Thus far, we have had no report of our planes bombing Haiphong, North Vietnam's principal seaport, through which flows all kinds of supplies for the Communist Vietcong. Can it be that these docks have not been bombed because too many ships, flying allied flags, are hauling cargoes into that Red seaport?

About a month ago, President Johnson sent Henry Cabot Lodge, an unsuccessful Republican candidate for Vice President, on what was billed as a trip around the world for the purpose of obtaining military and financial help for the war in Vietnam. Why Lodge instead of Vice President HUMPHREY was picked for this do-or-die, or get-out-the-checkbook assignment, is still a closely guarded secret. Anyway, Lodge returned from his junket last week and provided the House and Senate committees, dealing with foreign affairs and relations, with what is commonly known as a briefing.

Every place he went, Lodge said, he found "deep gratification" that the United States is carrying the burden of resistance to Communist aggression in southeast Asia. Beyond a briefcase full of "deep gratification," Lodge had little or nothing to show for his trip.

It ought to warm the hearts of American troops, fighting in the jungles and the muck of the rice paddies of Vietnam, if not the taxpayers of this country, to know that they have the "deep gratification" of those upon whom we have lavished too much of our substance for too many years.

And it is interesting to note that President Johnson, always liberal with other people's money, has dangled the bait of more multibillion-dollar spending in southeast Asia by suggesting that the Mekong River ought to be developed. The figure of a billion dollars has been

used in that connection but, of course, that is merely the foot in the door.

If a further example is needed of how our money has been slopped down the drain we might take a look at India, one of the chief beneficiaries of our openhandedness in recent years. Last week, India's Prime Minister Shastri was given the red carpet treatment in Moscow whereupon he promptly proceeded to join with Russian Premier Kosygin in a stinging denunciation of U.S. bombing of North Vietnam.

When the Red Chinese rocked the Indian Army back on its heels, and threatened to overrun a sizable area of the country as well as Tibet, to whom did the Shastris of India appeal for help and get it?

U.S. planes were rushed across the seas to ferry Indian troops and supplies to meet the Communist invasion. Along with all this went a heavy, new commitment in arms and munitions to India. Despite the meeting of this emergency; despite the fact that the foreign aiders have pumped at least \$5 billion into India in the last few years, the Indian Government has the unmitigated gall to join with the Soviets in Moscow in denouncing our stand in Vietnam.

This is an outrageous affront to every citizen of this Nation and yet the leaders of this administration give no evidence that they are in the slightest degree insulted or affronted.

Indonesia, Cambodia, and others tell us to go to hell and yet the emissaries of the White House and Foggy Bottom are constantly on the move trying to find ways and means of inducing these leeches to take more of our cash. They still cannot believe that bribery will not work.

Of the some 32 African countries which became independent in the last 10 years, 16 now have diplomatic relations with Communist China.

Only 10 years ago, Red China had no diplomatic ties in Africa.

In Latin America, despite the billions that have been spewed about through one program or another, there is scarcely a stable government. As of this moment, no one knows what the next hours and days will bring in strife-torn Bolivia, Colombia, and Guatemala—to mention only three. Castro still maintains headquarters for Communist training and infiltration throughout this entire area. It is doubtful if there would be thousands of American troops in the Dominican Republic today had this Government taken positive action at the Bay of Pigs instead of resorting to appeasement and continuing a foreign policy based upon blank checks and the long since thoroughly discredited effort to buy our way throughout the world.

Yes, Mr. Chairman, the counters in the foreign aid bargain basement opened today for new business. There is little doubt that before tomorrow evening the clerks will have handed out another \$3½ billion to add to the more than \$130 billion that has already gone where the woodbine twineth and the whangdoodle whangeth.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, you either believe that the United States has a responsibility to help build stable nations in a stable world, or you do not believe it.

There are some who think if you spend a few dollars you can achieve all of that overnight. I wish that that were so. I wish that we could get everyone throughout the world to work to achieve stable governments in a stable world and peaceful world.

However, Mr. Chairman, realism dictates otherwise. You either believe that the developing nations cannot achieve or maintain stability without continued economic growth, or you do not believe it.

You either believe that developing nations cannot achieve this growth without external assistance during the early stages of their development, or you do not believe it. You either believe that on the grounds of both self interest and humanity the United States should assist those nations which are prepared to help themselves, or you do not believe it.

You either believe that the Communists are out to take the world one way or the other, or you do not believe it.

You either believe that the foreign assistance program of this country attempts to achieve in some reasonable way the objectives of the United States and the American people, or you do not believe it.

I have believed since I have been in this body, that there is no alternative to this program. As long as I have been here and have listened to the same arguments in opposition to the program, I have never heard a constructive alternative. Ten years on the floor of this body I have yet to hear a constructive alternative.

I believe, Mr. Chairman, that the issue is how can the U.S. foreign aid program do the job most efficiently in the shortest possible time at the least cost to the American taxpayer.

It has been said that this program is improperly administered, therefore you ought to vote against the bill. I do not know where the proponents of this particular proposition have been, but in the years I have had the privilege of being on the Committee on Foreign Affairs, particularly under the able leadership of the distinguished gentleman from Pennsylvania, great strides have been made and great efforts have been taken by legislation, by policy guidelines, and by language in the reports to do everything possible to help in the proper administration of this program.

The committee has written all kinds of guidelines into the legislation, we have all kinds of language in the report, we have had all kinds of meetings with the Administrator; all in an effort to improve the administration of this program. While I am on the subject of administration, I want to say that Mr. David Bell, the present Administrator of the program is one of the highest caliber men in the country. I am grateful for the United States of America that he has the responsibility of administering this

program for the American people. He executes his job very ably and with great dedication.

Where are those who oppose this program because it is being improperly administered? What do they say on the floor today in the way of new language, new suggestions, additional proposals, or alternatives, in order to strengthen the program, in order to see that it is properly administered? I have heard none. The committee has worked long, hard, and deliberated very seriously. I am sure anyone who had an appropriate suggestion for improvement could have been heard, and his suggestion would have been adopted as so many others have been adopted in years past and this year in order to assure proper administration of the program.

We hear those advocating that this program ought to be abandoned or voted against because we have lost congressional control. Yet the record indicates it was this committee and this Congress which insisted on an Inspector General for the Department, whose reports are made available to the committee and to the Congress. We know that the program is reviewed internally by him. We know that the program is reviewed by our own Select Committee on Foreign Affairs when the Congress is in session and when the Congress is out of session. We know that the program is reviewed by the Committee on Foreign Affairs of the House and the Foreign Relations Committee of the other body.

We know that the program is reviewed by two Appropriation Committees, one in this body and one in the other body. We know that the program is under constant examination by the General Accounting Office. All of those reports are available to any Member of Congress who desires to look at them and to take the time to read them and understand them. Every one of those reports by the General Accounting Office on the administration of this program is made available to the appropriate committees of the Congress, including the Government Operations Committee of the House and the Government Operations Committee of the other body. As the major investigative committees in both bodies each can make suggestions or recommend any action. Tell me where the loss of congressional control is with respect to your own personal review of this program?

Then it has been said that this program is not accomplishing the things which the proponents of the program claim that it seeks to accomplish. Well, I am the first to say it does not accomplish all of the things we would like to have it accomplish overnight. And I am the first to say this is a long-term program and has been and should be a long-term program.

I wish I could see this program being terminated next week or next year or next month. But even a cursory examination of the foreign problems that exist and problems of international diplomacy would tell anybody that the United States has commitments which it must keep, for as long as it takes for us to achieve our objectives—whatever they might be.

Because it is so easy to generalize I want to get specific—I want to get specific about an important part of the foreign aid program that is working that does accomplish what we said it was going to accomplish. This program is doing the job today and we have every reason to believe it will accomplish the job in the future.

I want to talk, Mr. Chairman, about the housing problem in Latin America and what this program, the foreign aid program, has done with respect to that problem.

Any member of our committee, in fact any Member of this body, can readily understand the housing problems in Latin America are of enormous magnitude.

A. THE SCOPE OF THE PROBLEM IN LATIN AMERICA

The housing problems facing Latin America are of enormous magnitude.

First. While the statistical data is poor, a reasonable estimate is that the present housing shortage amounts to some 15 million units and that the cost of providing such units would approximate \$25 billion. The housing shortage affects at least 35 percent of the population.

Second. In addition, a very substantial percentage of urban dwellings are run down and much of the rural housing is primitive.

Third. Some idea as to the scope of the problem can be garnered from the fact that about 40 percent of the population of Rio lives in slums known as favelas where even the most elementary requirements—potable water, sewerage, electricity, et cetera—are lacking. The same phenomenon occurs in Lima, Buenos Aires, Bogotá, and most other large cities in Latin America.

Fourth. In assaying the enormity of the problem, it is also necessary to consider the rate of population growth in Latin America. It is estimated that over 1.3 million units are required annually to meet population growth and replacement needs. In other words, 1.3 million units are required to prevent further deterioration of the housing crisis in Latin America. In point of fact, less than 500,000 units are being constructed annually.

B. THE IMPORTANCE OF HOUSING FOR LATIN AMERICA

First. The need for housing is common to all mankind. Adequate shelter from the elements and a decent home, however modest, are universally essential for a happy and productive life. Few, if any, are able to lead daily lives with purpose, responsibility, and proper concern for personal and civic conduct when deprived for long of adequate housing.

Second. A man's home and living environment largely determine the kind of person he will be—how healthy, well adjusted and productive he can be, as well as how purposeful, responsible, and concerned, both as an individual and as a citizen and neighbor.

Third. A decent home provides a family with a meaningful stake in the community. It is something a family will work and save for and, when necessary, will defend. It is the kind of stake

which provides motivation away from extreme ideologies. Owner occupied housing—even the possibility thereof within some reasonable period of time—is a stabilizing political and social influence.

Fourth. Housing is a tool for economic development. To build a single home, then furnish it and keep it in good repair, requires many different products and services. When this is multiplied by the many thousands of homes that every country need regularly for its people, it can be seen that the products and services of a large working force and of many big and small enterprises are required; this creates widespread employment and generates continuing healthy markets, industries, and purchasing power. Similarly, the provision of utilities, transportation, and other essential services and products for expanding neighbor-

hoods and communities again increases employment and production and further multiplies the positive impact upon the economy and the entire life of the country.

C. THE APPROACH TO THE SOLUTION OF THE PROBLEM

Given the magnitude of the problem, it is impossible to attempt to finance from external resources anything approaching a total solution. Instead, the approach has been to help Latin America to help itself to solve the problem through a number of techniques herein-after discussed.

The use of each one of these techniques or tools has emphasized the role of the private builder, the private mortgage financing institution, and the private ownership of the housing units

which ultimately result. The Alliance is firmly committed to the principle that the Latin American housing problem will be solved largely, although not exclusively, through private channels.

1. AID DIRECT HOUSING LOANS

AID has made direct loans for housing totaling about \$155 million. In most cases these have been made to government institutions. However, in each case the result has been private housing unit ownership. The typical pattern is a loan to a Latin American government which is relented to a private savings and loan, or other private institution, as seed capital. In turn, the private financial institution relents to the ultimate owner for mortgage financing. Construction is almost inevitably by private contractors.

CHART 1. AID direct housing loans

Country	Loan name, number, and amount	Borrower	Houses planned	Number completed	Number under construction	Percent that will be directly financed by AID	Remarks
DOLLAR LOANS							
Argentina	Central Housing Bank, 510-L-006 (\$12,500,000).	Government	4,000	0	0	35	The Central Housing Bank is currently being organized by the Government. No disbursements of loan funds have been made. ¹ Procedural difficulties delayed initial construction.
	Aided self-help housing, 510-L-012 (\$2,000,000).	Government of Buenos Aires Province.	1,200	0	584	50	
Bolivia	None						
Brazil	do						
Chile	Central Savings & Loan Bank, DLF-199 (\$5,000,000).	Caja Central	3,200	3,200	0	33	The loan represents 33 percent contribution to the paid-in capital of the bank. ¹ The loan represents an effort to strengthen both the primary and secondary mortgage markets. The loan agreement was only recently signed. ¹
	Central Savings & Loan Bank, 513-L-022 (\$8,700,000).	do	10,000	0	0	(2)	
Colombia	Aided self-help housing, DLF-207 (\$12,000,000).	Instituto de Credito Territorial.	17,949	15,504	906	45	Political problems and inflation-induced prices caused delays in construction.
	Self-help housing, 514-L-026 (\$7,500,000).	do	8,550	444	1,960	50	
Costa Rica	Slum replacement housing, 515-L-006 (\$2,000,000).	Government	2,200	420	289	70	
Dominican Republic	National Housing Bank, 517-L-002 (\$2,100,000).	National Housing Bank	1,345	0	1,345	50	(1).
Ecuador	Central Housing Bank, DLF-213 (\$5,000,000).	Central Housing Bank	2,592	670	89	50	(1).
El Salvador	National Housing Finance Agency, 519-L-008 (\$3,100,000).	National Housing Finance Agency.	1,500	0	0	55	Loan agreement has yet to be signed. ¹
Guatemala	None						
Haiti	do						
Honduras	Tela Union Housing, 522-K-007 (\$400,000).	Tela Railroad Labor Syndicate.	185	113	50	85	Loan agreement has yet to be signed.
	Cooperative housing, 522-H-011 (\$200,000,000).	Banco Nacional de Fomento de Honduras.	494	0	0	90	
Jamaica	Low-cost housing and redevelopment, 532-L-002 (\$2,800,000).	Government	766	0	56	100	
Mexico	Low-cost housing, 523-L-02 (\$20,000,000).	Nacional Financiera, S.A.	23,000	4,862	18,138	33	
Nicaragua	None						
Panama	Housing Mortgage Bank, DLF-198 (\$2,500,000).	Caja de Ahorros	635	305	300	65	(1).
Paraguay	None						
Peru	Home savings program, DLF-201 (\$7,500,000).	Government	7,800	3,000	3,500	50	(1).
	Cooperative housing program 527-L-034 (\$6,000,000).	do	3,125	0	0	60	Loan agreement signed Feb. 13, 1965. ¹
Uruguay	Home construction, 528-L-015 (\$6,000,000).	The Mortgage Bank of Uruguay.	(2)	(2)	(2)	22	Loan represents 22 percent of borrower's paid-in capital. Subloans are not limited to house construction alone, but include farm buildings and improvements to both homes and farm buildings. ¹
Venezuela	Mendoza housing, DLF-175 (\$5,000,000).	Fundacion de la Vivienda Popular.	750	1,500	(4)	33	(1).
	Central Housing Bank, DLF-212 (\$10,000,000).	Banco Obrero	750	2,616	(4)	50	(1).
	Low-cost housing and slum clearance, 529-L-004 (\$30,000,000).	Foundation for Community Development & Municipal Improvement.	12,000	7,000	(4)	50	(1).
Regional loan	CABEI Home Loan Department 596-L-003 (\$10 million).	Central American Bank for Economic Integration.	3,500	0	0	100	(1).

Footnotes at end of table.

CHART 1. AID direct housing loans—Continued

Country	Loan name, number, and amount	Borrower	Houses planned	Number completed	Number under construction	Percent that will be directly financed by AID	Remarks
LOCAL CURRENCY LOANS							
Cooley loans for housing							
Colombia.....	Hogares Colombianos, 514-E-018 (5,000,000 pesos).	Hogares Colombianos, S.A.	474	362	(⁴)	83	
Peru.....	Hogares Peruanas, 527-E-013 (4,000,000 soles).	Hogares Peruanas, S.A.	72	72	0	57	
	Hogares Chavarria, 527-E-026 (26,000,000 soles).	Hogares Chavarria, S.A.	419	188	150	83	

¹ As the loan constitutes a contribution to the paid-in capital of a lending institution and is not intended for a specific project, no clear identification of AID-financed homes is possible.

² Not available.

³ Per annum.

⁴ Not known.

2. AID HOUSING INVESTMENT GUARANTEES

The pilot \$250 million housing guarantee program for private U.S. investment in self-liquidating demonstration housing projects in Latin America is moving at an accelerating rate. As of March 1, 1965, AID had approved 15 investment guarantees for self-liquidating, middle-income housing projects in 10 Latin American countries. With a total guarantee authorization of about \$90 million, these will ultimately result in the

construction of 18,206 dwellings, housing over 90,000 persons. An additional 14 projects involving 13,882 dwellings representing \$75 million have passed the preliminary feasibility review and are in the final processing stage. The remainder of the authority will be used for projects which are under preliminary review by FHA on behalf of AID.

The present \$250 million program will result in the construction of approximately 50 projects involving 50,000 units

of housing. All of these units will have been built by private builders and are for private ownership. In most instances, the projects are built in whole or part by U.S. builders.

The requested additional \$200 of housing guarantee authority will be similarly used for housing built by private builders for private ownership. It is expected that the U.S. builder will continue to play a very substantial role in this program.

Latin America housing investment guarantees authorized, as of Dec. 31, 1964

Country	Name of project	Sponsor	Investor	Dollar amount (millions)	Number of units	Number of units completed
Argentina.....	Fleld.....	N. R. Fleld, Miami, Fla.	Chase Manhattan Bank.....	7.5	1,133	
Chile.....	IBEC.....	Rodman Rockefeller, New York, N.Y.	Connecticut Life Insurance Co.....	10.0	2,000	
Colombia.....	Las Americas (VIPASA).....	Pedro A. Gonzalez, San Juan, P.R.	Carl M. Loeb, Rhoades & Co.....	8.2	2,000	200
Do.....	Caribbean Homes.....	Harold Lockheimer, North Bergen, N.J.	Teachers Insurance & Annuity Association of America, Penn Mutual Life Insurance Co., Provident Mutual Life Insurance Co. of Philadelphia, Fidelity Mutual Life Insurance Co.	9.2	1,268	
Dominican Republic.....	COINFO.....	George Crumley, Columbus, Ohio	Chase Manhattan Bank.....	4.6	600	
El Salvador.....	Financiera Roble.....	Luis Poma, San Salvador, El Salvador	do.....	4.525	501	110
Guatemala.....	Capital City-Silver.....	Joint venture of James Investment Co., Donovan Construction Co., and C. J. Silver, St. Paul, Minn.	do.....	8.5	1,276	
Honduras.....	Micasa Corp.....	William F. Luce, Guatemala City, Guatemala.	Fidelity Mutual Life Insurance Co. of Philadelphia, Pa.	2.8	1,200	
Do.....	Construcciones Populares, S.A.	Daniel O'Connell, Holyoke, Mass.	Carl M. Loeb, Rhoades & Co.....	6.575	1,700	
Mexico.....	AIFLD.....	William C. Doherty, Jr., Washington, D.C.	Alexander Bookstaver, Washington, D.C.	10.0	2,984	2,984
Peru.....	Apollo Industries.....	Lawrence I. Thorpe, Pittsburgh, Pa.	Chase Manhattan Bank.....	1.26	405	405
Do.....	do.....	do.....	do.....	1.04	400	
Do.....	Development Corp. International.	Haim S. Ellachar, Wellesley, Mass.	Carl M. Loeb, Rhoades & Co.....	4.0	915	
Venezuela.....	Rahmani Construction Corp.	Sender Rahmani, White Plains, N.Y.	The Fidelity Mutual Life Insurance Co., The Penn Mutual Life Insurance Co., Provident Mutual Life Insurance Co. of Philadelphia.	6.302	824	
Total.....				84.502	17,206	3,700

Latin America housing investment guarantees—Letters of reservation issued as of Dec. 31, 1964

Country	Name of project	Sponsor	Investor	Dollar amount (millions)	No. of units
Argentina.....	AIDCO.....	Arthur Lubell, New York, N.Y.		6.0	1,000
Chile.....	AIFLD.....	William C. Doherty, Jr., Washington, D.C.	Alexander Bookstaver, Washington, D.C.	2.6	462
Costa Rica.....	INVU.....	Eduardo Zuniga Chavarria, San Jose, Costa Rica.	First National City Bank of New York	1.679	450
Dominican Republic.....	Burl Johnson & Associates.....	Burl Johnson & Associates, Severna Park, Md.; Virgilio Perez Bernal, Santo Domingo, Dominican Republic.	Chase Manhattan Bank.....	2.135	342
Do.....	AIFLD.....	William C. Doherty, Jr., Washington, D.C.	Alexander Bookstaver, Washington, D.C.	850.0	890
Guatemala.....	Constructora Pacifico.....	W. R. Newton, Jess Nealy, Calvin J. Foster, Houston, Tex.		10.0	1,700
Jamaica.....	Kissell Co.....	P. L. Greenawalt, Springfield, Ohio	Teachers Insurance & Annuity Association of America; Penn Mutual Life Insurance Co.; Provident Mutual Life Insurance of Philadelphia.	7.5	1,413
Do.....	Barnes Construction Co.....	Herbert Barnes, Warrington, Bucks County, Pa.; O. B. Rose, Kingston, Jamaica.	Baukers Bond & Mortgage Co.	4.952	900
Nicaragua.....	The Charter Co.....	Raymond Mason, Jacksonville, Fla.	Arquitectos Ingenieros, S.A.	6.941	802

Latin America housing investment guarantees—Letters of reservation issued as of Dec. 31, 1964—Continued

Country	Name of project	Sponsor	Investor	Dollar amount (millions)	No. of units
Peru.....	VIPSE.....	Enrique Schroth, Lima, Peru; James Tabor, Honolulu, Hawaii.	New England Mutual Life Insurance Co.; Bankers Life Co. & Teachers Annuity Co.	8.814	1,352
Venezuela.....	International Housing Association.	Paul L. Burkhard, Glendale, Calif.....	Eastman Dillon, Union Securities & Co.....	6.0	540
Do.....	INRESA.....	Moisai F. Eenceraf, Caracas, Venezuela.....	Chase Manhattan Bank.....	6.7	720
Do.....	Fundacion de la Vivienda Popular.	Eugenio Mendoza, Caracas, Venezuela.....	do.....	3.745	488
Total.....				67.916	11,059

Total authority.....	\$250,000,000
Authorizations.....	\$84,502,000
Letters of reservation.....	67,916,000
	—152,418,000
Remaining authority.....	97,582,000

3. SOCIAL PROGRESS TRUST FUND LOANS

To date 43 percent of the amount of all loans granted by the SPTF were for housing. Again, the emphasis has been on loans for housing which is to be privately built and privately owned, even if in the first instance the borrower is a government or a government institution. SPTF loans have emphasized housing for low-income groups. Almost 40 percent of the housing is to be constructed by the owner or under mutual aid schemes. These loans have provided a complement to the direct AID loan and guarantee programs which have tended to attack the problem of the shortage of middle income and lower middle income housing.

SOCIAL PROGRESS TRUST FUND LOANS—IDB HOUSING LOANS (THROUGH DECEMBER 31, 1964)

Argentina: IDB loan US\$30 million; local contribution equivalent to \$30 million. Banco Hipotecario Nacional de Argentina, an autonomous agency of GOA is the borrower. Fifty percent of the project will be constructed by co-ops, including trade union co-ops; 20 percent by Argentine national, provincial and municipal housing agencies; 10 percent by private enterprise; 10 percent will be constructed by self-help methods; and the remaining 10 percent by miscellaneous means. Homeowners are private individuals. Homes are built by private contractors.

Bolivia: IDB loan US\$4 million; local contribution equivalent to \$1,429,000. Corporacion Boliviana de Fomento, an autonomous Government agency, is the borrower, guaranteed by Banco Central de Boliviana. The Bolivian Development Corporation is administering the program. Four construction plans are included in the program. First, 320 houses are being completed for private homeowners who need financial assistance to finish construction. Second, 1,100 houses are being built for families who participate in the construction on a self-help basis. Third, 2,350 homes are being constructed through housing co-ops and similar groups which own land or other resources, or both. Fourth, private sector savings and loan systems are set up for housing. Seed capital for the savings and loan associations enables the associations to finance construction of 100 homes. All construction is done by private contractors and all houses are owner occupied.

Brazil: IDB loan US\$3,850,000; local contribution equivalent to \$3,308,600. Banco do Nordeste do Brasil is the borrower. The loan is administered by Servicio Social Contra o Mocambo, an autonomous agency of the State of Pernambuco. Approximately 4,000 houses are being built under a broad slum clearance program in Recife and 2,500 units are being

erected in 7 smaller towns. The remaining 2,000 are being built in Alto de Jordana, a suburb of Recife. The homes are available to persons whose incomes are less than four times the minimum annual wage of approximately \$20 per month equivalent. All construction work is done by private contractors and all homes are owner occupied.

Chile: IDB loan US\$5 million; local contribution equivalent to \$2,697,000. Caja Central de Ahorros y Prestamos is the borrower, guaranteed by GOC. Caja is an autonomous agency of the Government. The loan was made to strengthen the savings and loan system. Members of co-ops affiliated with savings and loan associations are the homeowners. Construction is by private contractors.

Chile: IDB loan US\$2 million; local contribution equivalent to \$5,642,857. Soc. Promotora de Vivienda Economicos Ltda (Provien) is the borrower. The loan is guaranteed by Corporacion de Fomento de la Produccion (Corfo), an autonomous Government agency. Construction is by private contractors. Homes are occupied by private low-income families.

Chile: IDB loan US\$2 million; local contribution equivalent to \$3,600,000. Corporacion de la Vivienda is the borrower (Corvi). Corvi is a public agency established to improve housing conditions in Chile. Approximately 2,400 homes for private homeownership for low-income families are being constructed. Construction is by private contractors.

Chile: IDB loan US\$5 million; local contribution equivalent to \$14,140,000. Inrrower is Caja Central de Ahorros y Prestamos, guaranteed by Government of Chile. This loan is to strengthen the savings and loan system structure and to cooperate with its affiliated associations in the construction of approximately 2,500 houses for private low-income homeowners. Construction is by private contractors.

Colombia: IDB loan US\$15,200,000; local contribution equivalent to \$14,140,000. Instituto de Credito Territorial, an autonomous agency of the Government of Colombia, is the borrower and will furnish 51.8 percent of the funds through IDB loan and 48.2 percent is furnished by prospective homeowners. Homes are for private individuals. Construction is on a self-help basis.

Colombia: IDB loan US\$7,500,000; local contribution equivalent to \$10,200,000. Borrower is Instituto de Credito Territorial, guaranteed by the Government of Colombia. Construction of 7,065 private owner-occupied houses on a self-help basis is being financed with these funds. The Instituto is an autonomous Government agency created to administer public housing plans for low-income groups.

Colombia: IDB loan US\$2,500,000; local contribution equivalent to \$1,750,000. Instituto de Credito Territorial is the borrower. The loan is guaranteed by the Government of

Colombia. The loan will help finance construction of 1,400 houses for members of a trade union. The Instituto is responsible for construction of the houses. Construction is by private contractors. Homeowners will be members of two large labor groups. The loan will help finance 1,200 houses and 280 co-op apartments on land owned by the Instituto.

Costa Rica: IDB loan U.S. \$3,500,000; local contribution equivalent to \$12,500,000 (US\$). Instituto Nacional de Vivienda y Urbanismo (INVU), an autonomous agency of the GOCR is the borrower. Homes are occupied by owners. INVU is responsible for coordination of construction and assists co-ops and nonprofit institutions with construction of houses. Construction is by private contractors.

Costa Rica: IDB loan US\$3,600,000 local contribution equivalent to \$2,900,000. Borrower is Instituto Nacional de Vivienda y Urbanismo (INVU), guaranteed by GOCR. The loan will help finance the construction of 2,816 homes. INVU is responsible for planning and carrying out housing programs in Costa Rica. Homeowners will be private low-income families. Construction is by private contractors.

Dominican Republic: IDB loan US\$3,500,000; local contribution equivalent to \$2,875,000. The GODR is the borrower. Instituto Nacional de la Vivienda is in charge of the program. Low-income families who will purchase these houses will help in the construction on a self-help basis.

Ecuador: IDB loan US\$10,600,000; local contribution equivalent to \$5,800,000. Banco Ecuatoriano de la Vivienda is the borrower, guaranteed by GOE. Banco Ecuatoriano is in charge of these construction projects. Construction is by private contractors. A total of 7,600 units are to be constructed, of which 1,250 homeowners will receive help from their employers; 1,250 units will be constructed on lots owned by low-income families; 1,000 by means of funds made available by housing co-ops; 2,100 by direct construction; and 2,000 by self-help and mutual aid systems. Homeowners are private individuals.

El Salvador: IDB loan US\$6,100,000; local contribution equivalent to \$5,200,000. Instituto de Vivienda Urbana is borrower, guaranteed by GOES. Some 5,000 units are being built with 50 percent on a self-help and mutual aid basis. The rest is by direct construction by public bids. Homeowners are private individuals.

Guatemala: IDB loan US\$5,300,000; local contribution equivalent to \$5,440,000. Banco de Guatemala is the borrower. A total of 5,260 houses are being built by private contractors in three locations, with 3,260 units being constructed by Instituto Cooperativo Interamericano and 2,000 units by Caja Central de Ahorro, a central savings and loan bank. Homeowners are private individuals.

Honduras: IDB loan US\$1 million; local contribution equivalent to \$469,000. Borrower is Instituto de la Vivienda, guaranteed by Government of Honduras. A total of 716 units are being constructed for private homeowners; 616 units are being built on a self-help basis under technical direction of Instituto de la Viviendas and 100 are being put up on lots already owned by the low-income families. All construction work is by private contractors.

Mexico: IDB loan US\$10 million; local contribution equivalent to \$30 million. Nacional Financiera, S.A., is the borrower. The loan is guaranteed by the Government of Mexico. The project is being carried out by the Bank of Mexico. The loan provides partial financing for the first stage of a program to build homes for sale to low-income families through mortgage or fiduciary guarantee systems. The present loan, which is being supplemented by an AID loan of \$20 million provides for 23,000 houses. Homeowners are private low-income families. Construction is by private contractors.

Nicaragua: IDB loan US\$5,200,000; local contribution equivalent to \$2,589,000. Instituto Nicaraguense de la Vivienda is borrower, guaranteed by the Government of Nicaragua. About half of the 2,850 units are being built through self-help or mutual systems. Of the balance of 1,460 homes, 560 are being constructed on lots already owned by the owners and 900 are being sold to families who have accumulated savings up to the equivalent of 10 percent of cost. All construction work is being done by private contractors.

Nicaragua: IDB loan US\$5,250,000; local contribution equivalent to \$4,687,000. Borrower is Instituto Nicaraguense de la Vivienda, guaranteed by the Government of Nicaragua. Up to \$2,750,000 will be used by private homeowners to finance their own construction. The balance will be used to construct homes through saving and loan systems for private low-income homeowners. Construction will be by private contractors.

Panama: IDB loan US\$7,600,000; local contribution equivalent to \$3,100,000. Instituto de Vivienda y Urbanismo is borrower with the Government of Panama as guarantor. Local funds are used to promote establishment of savings and loan arrangements and mortgage insurance. Private homeowners are building approximately 1,000 units through self-help and mutual aid arrangements. Approximately 2,000 are being built for private individuals under contracts awarded to private contractors through public bidding. INVU is responsible for coordinating urbanization and planning.

Paraguay: IDB loan US\$3,400,000; local contribution equivalent to \$437,000. Borrower is the Government of Paraguay. The loan will be administered by the Paraguayan Institute of Housing and Urban Affairs. The project will be applied to 4 types of construction, i.e., 1,500 will be constructed on a self-help basis; 300 houses by housing co-ops and committees; 740 will be partially constructed by private local contractors and completed by the homeowners on self-help and mutual aid basis; and 1,270 loans will be used by homeowners for the construction of a "second bedroom."

Peru: IDB loan US\$22,800,000; local contribution equivalent to \$20,900,000. Instituto de Vivienda del Peru, an agency of the Government of Peru, is borrower. Homeowners are private individuals with three-quarters of the homes being constructed on a self-help basis. Approximately 5,300 units were built through co-ops and S. & L. associations by private contractors.

Peru: IDB loan US\$1 million; local contribution equivalent to \$1,069,200. Asociacion Mutual de Credito para la Vivienda is the borrower guaranteed by the Government

of Peru. This loan was made to strengthen the resources of the borrower, a private mutual credit institution, which channels private savings into financing low-cost housing. Approximately 400 low-cost dwellings were built for members of the Asociacion. Homeowners are private individuals who are members of the Asociacion. Construction is by private contractors.

Uruguay: IDB loan US\$8 million; local contribution equivalent to \$7,300,000. Republic of Uruguay is the borrower. Responsibility for the construction was divided among four government agencies. Homeowners are private individuals and constructions is by private contractors.

Venezuela: IDB loan US\$12 million; contribution equivalent to \$33,950,000. Banco Obrero is borrower with the Government of Venezuela as guarantor. Homeowners are private families. Construction is on a self-help basis.

Venezuela: IDB loan US\$10 million; local contribution equivalent to \$5 million. Banco Obrero de Venezuela is the borrower, guaranteed by the Government of Venezuela. A total of 5,710 low-cost houses are being built by private contractors. Homeowners are private low-income families.

4. TECHNICAL ASSISTANCE IN HOUSING

The Alliance has done much more than just build housing in its comprehensive attack on the Latin American housing problem. A great deal of time, effort, and money has gone into technical assistance in the housing field. In rendering technical assistance, the Alliance has called upon the U.S. universities, the U.S. cooperatives, the U.S. saving and loan industry, U.S. mortgage bankers, and others. However, the bulk of the effort has been focused on an effort to develop private Latin American financing institutions, particularly savings and loan associations. A few examples of the areas of technical assistance in the housing field are as follows:

First. Training in the United States of private Latin American mortgage banking and savings and loan personnel.

Second. Technical assistance, through contracts with U.S. mortgage bankers, savings and loan and cooperative experts, to housing professionals throughout Latin America.

Third. Compilation of indexes of building materials and sources of supplies.

Fourth. The development in Bogotá of an Inter-American Housing Center to train professionals in the field of housing.

Fifth. The use of Peace Corps volunteers in community action programs in very low cost Latin America's housing projects.

Sixth. Technical assistance to governments in the development of administrative rules and regulations in the housing field, for example zoning requirements.

Seventh. Technical assistance in the development of national and local housing plans.

Eighth. Technical assistance in the establishment of Latin America's counterparts of our FHA.

5. ASSISTANCE IN AREAS RELATED TO HOUSING

One cannot look at the Alliance's approach to the housing problem without mentioning other efforts in fields in-

timately related to housing. Thus, 10 of the 29 SPTF loans made in 1964 were for water supply and sanitation facilities. AID has made a number of direct loans for sewerage systems, water supply, and other purposes directly related to the improvement of housing. Technical assistance in these fields has also been widespread.

In addition, every effort made by the Alliance for Progress, both by the United States and the Latin American countries, is dedicated to eventual decent housing.

Assistance to education, development of a viable agriculture sector, support of businesses and industries, the construction of roads, creation of powerplants—in other words, all economic development activities form the necessary base for a population which can afford adequate homes. This is the principal road to the solution of Latin American housing problems.

D. SUMMARY

An enormous housing problem exists in Latin America. Only a beginning has been made in the solution of the problem. Its substantial solution is essential to a stable Latin America. This has been recognized by all the countries participating in the Alliance for Progress. It is a cornerstone of the U.S. effort in Latin America.

The solution, however, must come largely from within Latin America and principally through the development of private financing institutions and private builders.

The external contribution to the solution must be in terms of demonstration programs, institution building efforts, technical help and the like, not merely the construction of houses. The Alliance has undertaken a vast program to deal with the problem, attacking it at every possible point. Two of the major achievements to date are as follows:

First. Over \$435 million in U.S. loans have been approved to finance a total of 282,000 units to house about 1,400,000 people. This has been accomplished overwhelmingly through private builders. The loans have not only built houses. They have contributed substantially to the development of financing institutions which it is believed will continue to grow and develop.

Second. A few years ago, mutual savings institutions and savings and loan associations were unheard of in Latin America. Today, as a result of assistance under the Alliance for Progress, nine countries have savings and loan legislation similar to that in the United States, suitably adopted to local requirements—Bolivia, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Peru, and Venezuela. Argentina and Nicaragua are seriously considering the enactment of similar legislation. Of the nine countries already provided with such legislation, six now have active programs—Chile, Dominican Republic, Ecuador, Guatemala, Peru, and Venezuela—and the others are in process of implementation. In the six countries with active programs, there are already 83 savings and loan associations, 215,000 savers, and over \$75 million in

gross savings. Approximately 25,000 homes have been financed through these associations and the value of mortgages recorded total \$107 million.

The United States will continue and intensify its attack on the housing problem. The emphasis will remain on the development of private institutions. Admittedly, however, the U.S. effort, although great, is marginal and can only help those willing to help themselves. As in every aspect of the Alliance, the solution to the problem of providing adequate housing in Latin America belongs to the Latin Americans. The record so far indicates that the United States is carrying out its commitment in this field and that the Latin Americans are equally accepting their responsibility.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, the fact that several hundred Members are present for this debate this afternoon is evidence of the keen interest which the House has in the words of wisdom we pour forth.

However, following the technique of the gentleman from Florida, I should like to speak to those Members of the House who still have open minds on this subject.

It is true, as the gentleman from Florida pointed out, that some Members close their minds to the merits of this program and in very stubborn fashion oppose its wonderful precepts this year.

I believe it would be true also to say that some Members close their minds to obvious deficiencies in this program and very blindly support all sections of it.

Assuming that the hundreds of Members here this afternoon have open minds and do wish to know the real truth of the program, I refer specifically to page 69 of the committee report, on which appear the minority views.

Mr. Chairman this year's foreign aid bill is a greater insult to the intelligence of the American public than anyone of its predecessors. The public is not being told the truth about the philosophical inconsistencies or administrative defects of the program. I do not believe that the Congress is being told the truth. As a member of the Foreign Affairs Committee, I do not believe that testimony we receive in either open or executive session from executive branch officials is completely legitimate.

The philosophical inconsistencies of the program can be seen in the recurring Indian-Pakistani clashes. Both countries, especially India, are recipients of substantial foreign aid, yet both accuse the United States of aiding the other and are deliberately courting Communist lands to supposedly strengthen them against the actions of their antagonistic neighbor and the United States.

Supposedly the fundamental reason for the foreign aid program is to halt the spread of communism, yet so-called neutralists with strong leftist tendencies are among the major beneficiaries of the program.

From an administrative standpoint, repeated GAO reports dramatize the inadequate personnel discovered in the AID agency, and the repeated use of funds for impractical, inconsistent projects are annually reported to us, yet the administration rejects any suggestion that a thorough review and overhaul of the program is in order.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Connecticut.

Mr. MONAGAN. Are those not the views of a minority of the minority?

Mr. DERWINSKI. I was about to point out, that is an additional distinction. We are affectionately referred to as a minority of the minority, which, as I see it, should entitle us to special consideration as a doubly persecuted minority group, especially in this day and age of interest in minorities.

But if you will note—I especially commend my remarks to the gentleman from Florida—we do make constructive suggestions specifically on page 69 where we point out the basic defects and then go on for 24 pages of charts as well as very effective testimony emphasizing the methods by which this program can be improved.

Mr. Chairman, I should like to point out also that there are some basic inconsistencies in this program which have not received proper attention either by the loyal supporters of the bill or even the occasional critics of the bill. For example, we find the United States in a most intriguing position whenever a clash occurs on the India-Pakistan border. We find, instead of at least one or the other government appreciating the aid we have given them, the Government of Pakistan rushes into negotiations with Red China because we are aiding India and the Indians, as the gentleman from Iowa [Mr. GROSS] pointed out, rushing up to Moscow for moral support because we are aiding Pakistan. Certainly this program should have enough consistency so we should have the good will and the appreciation of at least one of those governments. I can understand not being able to please both of the governments, but I cannot justify a program in which we alienate both governments.

I should like to point out also to the Members, when we rely on the GAO reports for constructive reviews of the program they generally come a little too late. An immediate review by the committee might well be in order. Numerous references have been made to the wonderful leadership that the gentleman from Pennsylvania [Dr. MORGAN] gives to the committee. I must say that Dr. MORGAN is a very benevolent chairman of the committee and especially benevolent in his attitude toward the oppressed minority. However, it is interesting to note on the other side—

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes. I yield to the gentleman.

Mr. HAYS. Why do you keep talking about this oppressed minority of the

minority? You fellows get all the time you want. Who oppresses you?

Mr. DERWINSKI. I especially appreciate the gentleman's entering into the conversation, because he gives us the dramatic attention we also deserve.

Mr. HAYS. I would do anything to get you a little attention. I think you ought to have all the attention you want. But I cannot figure out who has been oppressing you.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes. May I yield to the gentleman from New Jersey?

Mr. HAYS. Surely.

Mr. FRELINGHUYSEN. I assume from what the gentleman said he is not suggesting that the minority is attempting to oppress the minority or persecute it. I know of no one on the committee, either majority or minority, attempting to persecute or oppress the minority of the minority. I assume the gentleman is being basically facetious in order to make his points about this matter in talking about oppression and persecution.

Mr. DERWINSKI. Yes. I admit I am being slightly facetious, but I do so in order to dramatize the frustrations we suffer after having worked for hours and days and months in producing these minority reports and then find the gentleman from Wisconsin [Mr. ZABLOCKI] emphasizing the fact that this bill should be passed without any change. You can imagine our frustration.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes. I yield to the gentleman.

Mr. GALLAGHER. Now that the majority of the minority has expressed appreciation, we want you to be reassured that the majority of the majority also appreciates you very much, and while we cannot agree with you, we are hopeful you will see the light and become a part of either one of these groups.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes. I yield to the gentleman.

Mr. ZABLOCKI. Do I understand the gentleman to say he was so impressed with what the gentleman from Wisconsin has said that the gentleman from Illinois has come to the point of frustration?

Mr. DERWINSKI. No. I said I was frustrated to hear the gentleman from Wisconsin ask us not to accept any amendments to the bill.

Mr. ZABLOCKI. I was sincere in that request.

Mr. DERWINSKI. I imagine the gentleman is also a good prophet. I do not believe we will be able to pass any amendments. However, I should like to return once again to our minority views to point out that we do make some specific, concrete suggestions as to how to improve this program. We are really the greatest supporters that this program has.

Blind support of the program is causing more danger than the sustained opposition that we give it, because unless there were consistent critics, unless there

were Members willing to speak up against the great Utopian platitudes of this program, even greater abuses would develop.

I especially commend to the attention of the Members the last two pages of the minority views, pages 92 and 93 in the committee report, where we emphasize the failures of the program. We hope to attract enough attention to have the Members join us in having a thorough look at this entire program.

I should like to point out not only to the members of the Committee on Foreign Affairs but to all the Members of this House here assembled that the other body has indicated that it will pass a bill for a 2-year authorization and it will use the free year to study the program. I should think that we in the House should be especially interested in guarding our prerogatives. If there is any review of the program we should seize the reins of leadership and one of the things we would have to do is to be perfectly honest with ourselves and start to recognize the defects.

I should like to join the majority, and the majority of the minority, in accepting those parts of the program which have value; and in turn I should like to have them join us in a very thorough review of the obvious inconsistencies that have developed.

For example, right at the present moment, the great interest of the public is concentrated on Vietnam and the Dominican Republic. Yet very often it has been pointed out to us with great pride by the administrators of the foreign aid program that we have up to this year supplied more economic assistance for Vietnam than military assistance.

Now, this is not a good argument in favor of the foreign aid bill. It is an argument which dramatizes its failure. The same might apply to the case of the Dominican Republic. Obviously we have not produced stability in a program which has so many wonderful illusions, yet so many obvious failures, and deserves a complete and thorough review. In all frankness, instead of in facetiousness, since we do have this tremendous interest on the part of the Members—and obviously if someone were to suggest the absence of a quorum, there would be no question but that the numbers here present are far below a quorum—obviously the membership of the House has lost interest in discussing this program. They have become either frustrated or complacent. Certainly the lack of interest is something we should be concerned with and a program of this magnitude should not be treated so lightly.

I should like to suggest for whatever time we have left in debate, and for whatever time we will have tomorrow during the amendment stage that instead of repeated words of praise for the program, very careful and special attention be given our minority views. We believe they are most constructive.

Specifically, we emphasize the drain on U.S. gold stocks of the foreign aid program.

We emphasize the over \$1 billion in foreign currency, the so-called counter-

part funds, accumulated in many countries which should be used to lessen the pressure on our dollar.

We emphasize the completely inadequate review of this massive program.

We emphasize the contradiction in aiding countries to supposedly combat communism while the administration is preparing to subsidize Communist nations via the trade route.

We emphasize the worsening U.S. image abroad which in substantial part is developing because of the weak-kneed administration of this program.

We emphasize the need for reaffirmation of congressional control over the foreign aid program. This House could enter the pages of history as a most effective Congress by rejecting the propaganda of the State Department and on behalf of the American public and world freedom completely reexamining, then revamping, streamlining, and redirecting this program.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MONAGAN].

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, it is a great privilege and also a responsibility to follow such a distinguished commentator as the gentleman from Illinois [Mr. DERWINSKI]. So far as the foreign aid program is concerned I think of him as the smiling assassin. No one can wield a stiletto with greater finesse. I warn that we must exercise great caution in considering his statements because of the disarming approach that he uses. When he is most genial, he is at his most dangerous.

I was interested to hear him classify himself and other members of his team as supporters of the program. Because if they are supporters, who needs opponents?

Mr. Chairman, I should like to begin by referring to one point that has been previously made in opposition to the bill and that is the so-called standby authority for southeast Asia.

Under that provision as it stands now—we authorize for fiscal year 1966 an appropriation to the President of such sums as may be necessary for use in southeast Asia.

The point was made by the gentleman from Indiana [Mr. ADAIR] and the gentleman from New Jersey [Mr. FRELINGHUYSEN] that this represented an unwarranted surrender of congressional authority.

Well, first of all I should like to point out that the committee itself took action on this proposal in connection with section 510 which covers the whole world and an amount of \$300 million. The committee reduced the time that was requested by the executive and limited this authority to 1 year, so that rather than giving a surrender of legislative authority, the committee made an exercise of legislative authority.

And, second, it seems to me that if we are going to raise the question of the proper time to give the benefit of the doubt to the executive, this is hardly the

time to do it when the President of the United States comes in and says to the Congress, "I would like some authority to use funds that may be necessary in connection with the very difficult and complicated military situation in which we find ourselves in southeast Asia."

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I would be glad to yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I think that the point should be clarified with respect to what the executive branch requested.

The gentleman from Connecticut intimated that the committee in some way restricted the time period during which this standby authorization would be available.

Mr. MONAGAN. That is correct with reference to section 510.

Mr. FRELINGHUYSEN. If the gentleman will yield further, the executive branch only requested this for a period of 12 months. The committee made no change in the time period.

Mr. MONAGAN. That is true so far as section 107(a)(2), the standby authority is concerned, but with section 510 which is much broader, I offered the amendment to limit this to 1 year and there was no limitation in the text of the legislation as it came to the committee. It was passed by, I believe, 26 votes to 0.

Mr. FRELINGHUYSEN. If the gentleman will yield further, my recollection is that the request with respect to the contingency fund was for Vietnam only. The committee says that the money can be made available anywhere in southeast Asia, and it is for a 12-month period. We made no change in that provision even though the request was made before the specific appeal by the President for \$700 million for unspecified purposes in southeast Asia. This aid for U.S. forces would seem to me to reduce the necessity for this kind of authorization. The fact that the Committee on Foreign Affairs still took this action strikes me as an unusual step, if nothing else. Certainly in any case it is a very major delegation of responsibility to the executive branch of our Government which normally, and it seems to me still today, should rest with the legislative branch.

Mr. MONAGAN. There is obviously a difference of opinion between the gentleman from New Jersey and myself as to whether or not this delegation is appropriate and whether or not it is adequate and whether or not it is extreme. I happen to feel that it represents a proper exercise of our legislative function and well-advised support of the President.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield on that point?

Mr. MONAGAN. I am glad to yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Chairman, I am glad to say that I agree with the gentleman from Connecticut because the question comes up in a troubled area, southeast Asia. Can this Congress or either body run a war from the floor? Can we take emergency action on sudden notice that might be a matter of minutes or hours in order to give author-

ization to the President or shall the President act without such authorization and then come back for confirmation.

It seems to me to be much more preferable to have the President authorized in areas where there is a continuing emergency to act with our authorization which we can later confirm so that there is not the requirement of a condition precedent which might endanger either American life or the country itself.

Mr. MONAGAN. I thank the gentleman for his remarks.

Mr. Chairman, there is one other point upon which I should like to touch and that is the criticism that our allies or friendly nations have not cooperated with us in this complicated situation in which we find ourselves in southeast Asia.

I should like to point out that the capacity of these countries is, in the first place, not comparable to ours. Some of these countries have gone through very difficult and trying times, financially and otherwise.

Second, some countries are working with us. There are two countries I should like to refer to that are actively engaged in the problem in southeast Asia. One of them is Korea which has over 2,000 troops in South Vietnam today as a voluntary action and through a voluntary offer by them. Second, the British have a complex and difficult problem that is comparable to ours in Malaysia. The British have 50,000 troops in Malaysia with aircraft carriers and other equipment trying to do exactly the sort of thing we are trying to do in South Vietnam; that is, to stabilize that area and to bring about peace. This is a very substantial effort, indeed. Other contributions are being made too, and I mention these facts for the RECORD, although I would be glad to admit that contributions could be more substantial and could be more widespread.

Mr. Chairman, I support H.R. 7750, the Foreign Assistance Act of 1965. My principal reason for supporting this legislation can be found in the statement made by Secretary of Defense McNamara when he appeared before our committee on March 11, 1965. He said:

The military assistance program is an essential element of our national defense and a major tool of our foreign policy.

The Secretary also emphasized that no other money in the defense budget contributes so much to our security as military assistance.

In view of the critical state of the world today and the dangers threatening our national security, I suggest that we need no other justification. If it is an essential element of our defense, we must support it.

The total amount requested in this bill, including both existing and new authorization, is \$3.367 billion. Of this amount \$2.004 billion represents a new authorization, and it is on this latter amount that action of the House is requested.

When one looks at the major provisions of this bill, the reasons for supporting it are compelling. To begin with, we have the military assistance

section in the amount of \$1.17 billion. These funds are expended in supporting the effort of various cooperative and friendly countries in combating the Communist threat. Of this total, 84 percent is allocated to 11 key countries on the borders of the Sino-Soviet bloc. The major expenditures are made in countries such as Vietnam, Thailand, Korea, the Republic of China, Greece, and Turkey. These nations are on the front line of the free world's defense against communism and it is clearly in our national interest to support their effort.

The average per capita gross national product of the 11 principal forward defense countries is \$168.55 compared with \$3,239 for the United States. While this amount is only one-twentieth of ours, the percentage of gross national product which they spend for defense is 50 percent more than ours.

In connection with the aid given in the forward defense program, we must not forget the savings effected through this program over the costs which we would have to pay if American troops were used in these policing functions. The average annual cost of pay and allowances, subsistence and clothing for a soldier of these countries is \$497, while the comparable cost for a U.S. soldier is \$4,347, or almost 10 times the former amount.

In addition to the forward defense program, under the military section there is the important schedule of assistance to Latin American countries which, in many cases, is not really the same type of assistance that we have been discussing but involves general force training and strengthening of internal security capabilities, as well as support of civil action projects. This is money well spent and the civic action program is one that is extremely helpful to the countries involved through its provision of highways and similar public works. At the same time, it does raise the question as to whether or not these essentially economic items should be financed through the military budget. Undoubtedly, the most compelling argument in their favor is the point that the allocation of these programs to economic aid would mean a tremendous increase in cost, since they would have to be done by private contractors and could no longer be done at reduced rates by military serving under short-term conscription. But the philosophy is one which we should reexamine and, in fact, the committee has included minatory language in the bill in section 201 c.

The third principal item of military assistance relates to aid given to countries with whom we have base arrangements. Anyone who has seen the Spanish bases and recalls the Congo crisis realizes the role that these facilities and the bases in the Azores play in providing the United States with the capacity to meet the recurring national crises with which we are habitually faced today. These are the major provisions of the military phase of the bill.

I want to emphasize one aspect of the military assistance program which urgently requires the attention of the Defense Department. I refer to the program in Greece. General Lemnitzer in

his statement to the committee pointed out that the assistance cuts which Congress made in the 1964 fiscal year program had resulted in delays in providing adequate equipment for the Greek Army. These cuts amounted to \$400 million. His description of the need for improving the status of the Greek Army was the strongest of any statement presented to us during the course of our hearings. When I questioned him he pointed out—on page 1215 of the hearings—that the \$400-million reduction in fiscal year 1964 had stalled the program for replacing obsolete equipment in the Greek Army. This reduction came at a time when the Bulgarian Army was being given improved equipment. The geographical facts of life are clear for all to see. The Bulgarian military strength can be placed at a point less than 20 miles from the sea and preventing this army from breaking through the narrow strip of Greek territory is a vital objective of NATO. While this bill does not compel the expenditure of increased funds to bring this project back to its normal course, nevertheless its vital importance to our overall military program must be emphasized and I sincerely hope that General Lemnitzer will administratively be given the funds necessary to take the steps which he so urgently desires.

Before I leave the military assistance program I want to speak of one aspect of this program which concerns me increasingly. This is our national program of military sales. This program began as a sort of setoff to the foreign aid program whereby we would recoup in this fashion some of the expenditures which we were making for foreign assistance.

It now has grown, however, to a point of real concern. These sales amount to \$1.5 billion a year and the United States is the largest arms merchant in the world. This growth has caused serious resentment among our allies.

It seems to me that the time has come when we should seriously consider the implications of this program. We certainly do not wish to reach the point where the sale of arms becomes an end in itself and a policy much like the General Motors sales program for automobiles with its aggressive merchandising appears to be in the process of development in the Defense Department.

We who can recall the 1920's and 1930's and the concern with which we viewed the warmaking potential of the munitions makers of that time should be alert to prevent repetition of those activities as a national policy. Our economy depends sufficiently upon war preparations today in the task of developing the weapons for our own defense. Surely the time has come when we must question whether the extensive stimulation of arms sales throughout the world as an official program of the United States should not be curtailed.

Insofar as the economic aid program is concerned, it is interesting to note that two-thirds of the total funds are expected to go to seven countries: India, Pakistan, Turkey, Nigeria, Tunisia, Brazil, and Chile. These nations all have underway

major development programs, and the importance to the United States of the economic well-being of these countries is too obvious to require emphasis by me.

In this phase of the program, it is worth while, I think, to emphasize the dramatic expansion of the specific risk investment guarantee program. This has grown from 186 contracts for \$426 million in 1963 to 486 contracts for \$708 million in 1964.

This is a progressive way of helping these nations without the actual use or expenditure of Government funds. It represents the stimulation of private investment somewhat in the nature of FHA mortgage guarantees.

Generally speaking, the economic program follows its customary course. I feel that there has been improved management and tighter controls. We have not seen the freewheeling and lack of control that frequently characterized this program in the past.

Certain underdeveloped countries look to us for assistance in creating a firm base for development and it is in our national interest to help them. Frequently the results are encouraging. This has been the case in Israel and in free China.

With careful management and with intelligent operation, the assistance program forwards our national foreign policy and constitutes an essential tool for our leaders in fashioning our national security.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. THOMPSON].

Mr. HALL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-nine Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 107]

Andrews,	Griffin	Morrison
George W.	Gurney	Mosher
Ashbrook	Hagen, Calif.	O'Neill, Mass.
Ashley	Hamilton	Pelly
Bandstra	Hanna	Powell
Baring	Harsha	Purcell
Berry	Harvey, Ind.	Quile
Bonner	Harvey, Mich.	Reid, N.Y.
Brademas	Hébert	Reinecke
Brock	Herlong	Resnick
Brown, Ohio	Holland	Reuss
Buchanan	Hungate	Rhodes, Ariz.
Burton, Calif.	Ichord	Roncalio
Callaway	Jennings	Rooney, N.Y.
Carter	Johnson, Pa.	Rostenkowski
Chelf	Jonas	Roybal
Clausen,	Kluczynski	Saylor
Don H.	Lennon	Sisk
Daddario	Lindsay	Smith, N.Y.
Dent	Long, Md.	Springer
Dingell	McMillan	Stubblefield
Edmondson	Macdonald	Toll
Feighan	MacGregor	Weltner
Flynt	Mackie	Wildnall
Fogarty	Mailliard	Willis
Gilligan	Martin, Ala.	Wright
Gray	Martin, Mass.	
Green, Oreg.	Mathias	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having resumed the chair, Mr. LANDRUM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, H.R. 7750, and finding itself without a quorum, he had directed the roll to be called when 353

Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its session.

The CHAIRMAN. The gentleman from Wisconsin [Mr. THOMPSON] is recognized for 10 minutes.

(Mr. THOMPSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON of Wisconsin. Mr. Chairman, the debate on this measure so far has seemed to emphasize the duty or obligation or desire of our Government to build in other nations a stable government and a viable economy. I would like to inject at this time a few comments about a desire that many people have in America to preserve in this country a stable government and a viable economy and I think much can be done toward that end by eliminating waste and extravagance that still exists in the program which is voted year after year by this Congress.

In furtherance of that objective, I would like to bring to your attention, those of you who have not already seen them, some of the reports of the General Accounting Office which relate to the improper use of American AID funds in the foreign nations.

The first I would like to call to your attention is dated May 20, 1965. So it is a very current report from the Comptroller General. It relates, as I will read to you, the improper payment of port charges on shipments to Colombia of food which is donated under title III of the Agricultural Trade Development and Assistance Act of 1954. I quote now from the report:

The Agency for International Development has made and is currently making improper payments for ocean shipments of surplus agricultural commodities donated by the United States to U.S. voluntary relief agencies under title III, Public Law 480. Our test of payments made from July 1961 to April 1963 disclosed that about \$393,000 was improperly paid on shipments to Colombia during that period because tariff rates included port charges comprising consular, unloading, handling, warehousing, and transportation charges properly chargeable to the Colombian Government under the terms of agreements between the voluntary relief agencies and the Colombian Government. This situation resulted from the failure of the Agency for International Development and the voluntary relief agencies to examine adequately the makeup of the tariff rates which included these charges.

We are issuing this report to the Congress because of the continuing improper payments and the lack of action by Agency officials to date to protect the Government's financial interests.

Then I call your attention to a report dated as recently as March 19, 1965, relating to unnecessary dollar costs incurred in financing purchases of commodities produced in Brazil. The Comptroller says:

From July 1961 through December 1963, the Agency for International Development unnecessarily spent \$3.8 million for financing shipments of Brazilian sugar and other commodities produced in Brazil to several other aid-receiving countries when it could have paid for these shipments with U.S.-owned Brazilian cruzeiros.

If the Agency had spent cruzeiros rather than dollars, it would have (1) helped alleviate the United States balance-of-payments deficit, (2) provided the U.S. Treasury with an equivalent amount of dollar receipts which would have acted to reduce the U.S. budget deficit, and (3) avoided a severe loss, from inflation, in the value of an equivalent amount of U.S.-owned cruzeiros. We are reporting this matter to the Congress because of its significance in relation to the continuing congressional interest in the administration of the foreign assistance program and, in particular, the administration of foreign currencies owned by the United States.

Then here is another report dated April 12, 1965. So this, too, is a current report. It deals with the ineffective utilization of excess personal property in the foreign assistance program. I quote the Comptroller General:

Our examination into the utilization of excess personal property by the Agency for International Development showed that in five aid-receiving countries U.S.-financed property purchases and planned purchases estimated at \$2,840,000 could have been avoided and that additional purchases and planned purchases estimated at \$660,000 probably could have been avoided if excess property already owned by the Agency or available from other Federal agencies had been substituted therefor. In certain cases, the Agency was financing the procurement of new equipment while the military departments and other Federal agencies were selling or otherwise disposing of excess stocks of the same or similar-type items.

Now I turn to a report dated April 29, 1965, by the Comptroller General on the subject of questionable aspects of budget support loans made to the Government of Ecuador. I quote from this report as follows:

Our examination into two budget-support loans totaling \$15 million made to the Government of Ecuador showed that, in determining the amount of U.S. assistance needed by the Government of Ecuador to fund its budget deficits for calendar years 1961 and 1962, the Agency for International Development did not insist, as a precondition to United States aid, that the Government of Ecuador avail itself of all potential sources of internal borrowings or that it fully develop certain tax sources.

I continue to quote:

The Agency acknowledged that its loans to the Government of Ecuador were excessive by about \$800,000 on the basis of the credit ceiling at the Central Bank of Ecuador which the Agency stated had remained unused at the calendar period when the Government of Ecuador's receipts were the lowest.

Now I turn to a matter which I call particularly to your attention. It is another report from the Comptroller General. This one is entitled "Follow-up Examination on Certain Aspects of U.S. Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran." This report is also dated April 29, 1965. I quote from the report:

Our followup examination on certain aspects of U.S. assistance to the Central Treaty Organization for a rail link between Turkey and Iran showed that the Agency for International Development financed with loan funds equipment costing \$543,000 which was initially designed for use in construction of the roadbed of the Mus-Tatvan rail line in Turkey—

I ask Members to listen to this incredible story—

even though the roadbed had already been completed. The Agency financed the equipment despite the fact that we had previously reported to the Agency that the roadbed was expected to be completed before delivery of the equipment and it had independently verified that such was the case.

I continue to quote from this report:

Certain of the equipment, costing \$340,000, was not designated or justified for any use other than that of roadbed construction, and it was not needed for construction of the roadbed. With respect to the remaining equipment costing \$203,000, after we pointed out that it could not be properly provided as roadbed construction equipment, the Agency decided to furnish it under the category of maintenance equipment. This decision required a special determination of the Administrator, Agency for International Development, because maintenance equipment was not authorized to be furnished for the project under the terms of the agreement providing funds for the project. Even so, Agency files indicate that, for the most part, the equipment may not be needed for maintenance of the project.

I continue to quote from the report:

We found that the Agency's organizational unit responsible for the post audit of Agency-financed purchases and initiation of any appropriate refund action was not aware of the ineligibility of the construction equipment questioned in this report.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield the gentleman from Wisconsin 5 additional minutes.

Mr. THOMSON of Wisconsin. Mr. Chairman, I continue to quote from this report:

We first reported on this matter to the Agency in April 1963 and it was included in our prior report to the Congress published March 5, 1964. Because of the lack of effective action by the Agency with respect to the equipment involved, we again brought the matter up with the Agency and we are again reporting it to the Congress.

I now conclude with this item in the report:

However, since corrective action is still required even though we first brought this matter to the attention of the Agency about 2 years ago, we intend to follow up after a reasonable period of time to ascertain whether the proposed actions are, in fact, taken by the Agency.

Now, someone claimed in this discussion that no one was making any suggestions about reforms or the manner in which we could prevent some of the loss of American tax money through activities of this kind. Well, I suggested last year and I suggest again this year that we provide that the Inspector General have control of the investigators in each one of the missions throughout the world where American foreign aid money is going. A year ago I reported to this committee about the use of American money to buy lipstick, to buy eye shadow and deodorants and, yes, even to buy contraceptives. I inquired how that could happen. The end use investigators told me that they were under obligation to the chief of mission and to the Ambassador, who was trying to curry favor with the foreign country. So they

permitted some of these things to be purchased with our money. I say to you it is about time that we get an end use investigator who is responsible only to the Government in Washington and to the taxpayers of America and we get away from this wasteful diplomatic game they are playing all over the world with the American taxpayers' money.

I would like to suggest to the Members of the House in the remaining time I have that I have a bill which I introduced on this subject. I was very hopeful that the great chairman of our committee, who has been interested in the problem of the Inspector General and the proper use of American money would follow through on this matter. The number of the bill that I introduced last January 4 is H.R. 692. I hope it will see the light of day.

One more item. AID, after being in existence for 20 years, authorized a study entitled "A Study of Some Key U.S. AID Jobs." Do you know how much they paid for that study? They paid \$281,477.31 to send some people out to interview the four chiefs of mission and the three people next in charge in the missions throughout the world and to make a report to the agency concerning the duties of those jobs.

I would like to read into the RECORD some of the language in this report. This study was made, incidentally, by the American Institute for Research of Pittsburgh, Pa., an agency which received from AID more than \$775,000 to make studies of this kind. I would like to quote this paragraph so that you will understand the problems faced by that Agency:

Feasible means for measuring the degree to which a prospective incumbent possesses some of the requisite characteristics may not be currently available to AID. However, the inability to measure the characteristic within the constraints that now bind the Agency should not be confused with the issue of whether or not a characteristic is essential to do a job effectively. If the characteristic is needed, and AID chooses and places a candidate lacking it in the appropriate degree, the aspects of the job in which the characteristic is required cannot be performed effectively.

What did the Agency do? They reviewed this report. Is that not incredible? Well, here is something more incredible. Here are the recommendations that the Agency made after reading this \$281,000 report.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. THOMSON of Wisconsin. Recommendation No. 1:

There should be prepared a definition of the hard-core functions of the four positions studied. After 20 years and \$281,000 invested in this study, we have to outline what the duties of those people are.

Here is another one—this is problem No. 5. This is the recommendation by the Agency itself that studied the report:

Mentioned frequently in the study was the complaint of interviewees about the inability of subordinates to write clearly and concisely. The need for an improvement in writing skills has been recognized in AID/W.

Writing improvement courses have been offered and have been encouraged by top Washington management.

The recommendation to that is this:

AID/W should prepare two writing improvement courses. One should be short, suitable for top mission management personnel. The other should be more intensive, suited to the remainder of the mission's complement.

I presume the ones at the top only need to write a little bit. They are probably signing the checks. While the fellows that need the long and more intensive course are the ones writing back to Washington to tell you all of the good things they are doing in the mission while they are many miles away from Washington.

Mr. Chairman, I think there are so many loopholes in this AID program that our Government is wasting taxpayers' money in an amount equal to the contributions of all the other countries of the world toward a program that will build strong nations and viable economies throughout the world. I hope Members will join me in a little thought toward preserving in America viability, a strong government and with more regard for the American taxpayer.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. MILLER].

(Mr. MILLER asked and was given permission to revise and extend his remarks and to speak out of order.)

Mr. MILLER. Mr. Chairman, the press today is carrying a story that is of great import to this country and its future. The British Government is going on the metric system. This may not sound important to you, but the British Government apparently has been forced to go on this system in order to meet competition abroad. The British Government and this Government are the only two major governments in the world that are not on the metric system. We have a bill in to study the metric system and the effect it will have on this country and we shall bring it to this floor, I hope, in the very near future.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL].

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

Mr. McDOWELL. Mr. Chairman, I rise in support of H.R. 7750, the Foreign Assistance Act of 1965. There are more foreign policy experts on the national scene today than in those periods of American history immediately after World War I and again after World War II, when the only objective of American foreign policy was to become disentangled in any future involvement abroad.

The complexity of our involvement in the field of international relations today is best exemplified by the few "bargain-counter" solutions that are offered by most of the so-called foreign policy experts. This applies to those in government, to newspaper columnists, editorial writers and just plain ordinary citizens. The volume of words describing the problem is, nevertheless, indicative of the magnitude of our involvement.

At no time in recent years has this become more self-evident than to a reading of the public press in the past several months. From Vietnam, Cambodia, Burma, and Laos we travel tens of thousands of miles across the globe to the Congo, Zanzibar, Tanganyika, back to Berlin, and across the Atlantic to Panama and Cuba and the Dominican Republic. A news dispatch originating 10,000 miles away, many times in a country little known and whose existence is hardly heretofore considered important to the welfare of the 180 million people of our country, signals a violent explosion in world affairs and is all too often related to a failure of U.S. foreign policy. And let us never forget that our foreign-aid programs have been and are today a vital part of our foreign policy.

But whether we like it or not, in the eyes of the rest of the world and in the community of nations the United States stands alone today as the only major power not weakened by war or burdened by the heritage of an imperialistic history. And as the realities of the cold war confrontations have unfolded over these past decades the realization that we were opposed by another nation equally considered in some area of the world a giant nation, we have therefore been compelled to accept the challenge of Russian and Chinese imperialism. And to counter this thrust of an undeclared war we have sought to extend around the globe the protection of a U.S. military shield to large areas of the world undefended by the disappearance of former colonial powers and at the same time we have taken up the equally necessary task of providing the new nations with technical and economic assistance to help them raise their standards of living so that like us, they too, could advance the cause of freemen.

The need for a leading world power to consider each problem in the context of total world responsibility necessarily imposes restraints upon the exercise of power—restraints that we sometimes find frustrating. A nation such as ours cannot make decisions in one part of the world without setting precedents in another. It must be at all times sensitive to the impact of the concentric waves that flow out from any decision it may make.

Much has been said and the subject will be a continuing part of the debate on this legislation, the bill H.R. 7750.

In the period from January 1958 to December 1963, 57 countries purchased a total of \$7 billion of gold from the United States. Ninety-two percent, or \$6.4 billion of these gold purchases were made by 12 countries—Austria, Belgium, Luxembourg, Denmark, France, West Germany, Italy, Japan, Lebanon, the Netherlands, Saudi Arabia, Spain, and the United Kingdom. It should be noted that none of these 12 countries have received AID assistance for 2 years or more, and that military assistance has virtually ended to most of them.

Current AID programs do not contribute to the drain on the U.S. gold supply. In fact recipients of AID funds in the less developed countries during 1964, as

in 1963, sold more gold to the United States than they purchased.

In 1964, recipients of AID funds sold \$89 million of gold to the United States, and purchased only \$26 million of gold. These transactions consequently realized a net inflow of gold to the United States of \$63 million.

Looking beyond the immediate present, the foreign aid program has a number of effects which are positively beneficial to our balance of payments.

First, our aid today is overwhelmingly in the form of dollar repayable loans—unlike the situation under the Marshall plan, when 90 percent of our aid was in the form of grants. Future repayments of interest and principal on today's loans will be a positive factor in our balance of payments.

Secondly, the evidence is plain that countries which achieve steady economic growth with our aid become increasingly better markets for U.S. exports and more attractive places for U.S. investment abroad. Over the last 15 years, our exports to Europe have doubled and our exports to Japan have tripled. As other countries—Spain, Greece, Taiwan, and

so on—gain economic momentum and our aid comes to an end, the same kind of result is evident.

Moreover, in case after case the aid program has led directly to the introduction of American products and services in other countries, and to follow-on markets unrelated to the aid program. Aid has in fact been one of our best export-promotion mechanisms.

I am pleased to report that since 1961 we have steadily reduced the adverse effect of foreign aid on our balance of payments. We are continuing our efforts to minimize the effect as part of the action program announced by President Johnson.

We will do more. But the upper limit may soon be reached, as the adverse impact has already been reduced to \$400 million, not including repayments.

In addition, it is important to recognize that continuing the present program will have a positive long-range impact on our balance of payments as a result of a dollar repayment flow, expanding markets for our exports, and improving opportunities for our private investment abroad.

Summary of principal and interest under the development loan program repaid in dollars as of Dec. 31, 1964

Loan program	Principal	Interest	Total
Development loans (new).....		\$9,561,754.06	\$9,561,754.06
Alliance-for-Progress loans.....	\$20,512.82	4,856,705.15	4,877,217.97
Development loan fund liquidation account.....	39,008,170.32	29,284,391.33	68,292,561.65
Loans authorized by predecessor agencies.....	622,365,002.68	457,837,762.63	1,080,202,765.31
Basic materials loans, mining facilities.....	256,878.72	211,757.35	468,636.07
Total.....	661,650,564.54	501,752,370.51	1,163,402,935.05

Loan installments considered in default by AID as of Dec. 31, 1964

Country	Borrower	Balance outstanding
Bolivia.....	Sociedad Industrial Azucarera La Esperanza, S.A.....	\$1,833,030.69 124,330.31
Costa Rica.....	Societa Italiano de Colonizzazione Agricola.....	\$1,957,361.00
China.....	Ingalls-Taiwan Shipbuilding Co.....	296,883.18
Ethiopia.....	Atlas Engineering & Contracting Co., S.A.....	212,981.31
Total.....		20,965.37
		2,488,190.86

H.R. 7750, the Foreign Assistance Act of 1965, is the result of many years of sincere, dedicated and loyal service in the furtherance of the cause of freedom for all freemen. The legislation represents the wisdom and experience of executives both in and outside of the U.S. Government, by past and present high officials of our State Department and AID administration. Five Presidents—Roosevelt, Truman, Eisenhower, Kennedy, and Johnson—have firmly supported and recommended foreign assistance programs to the Congress. Most important of all, the best brains in the Congress have helped in developing and perfecting our aid legislation. Throughout the years of foreign aid legislation, Congress has by an overwhelming majority given its approval—approval in the form of large majorities after working its will in further developing and perfecting of the legislation. I know that the House will, after working its will on

the bill H.R. 7750, again follow tradition by approving this legislation by a majority vote.

The destiny of the hundreds of millions of people in the less-developed countries is of immediate concern to us. In helping them, we act in our own self-interest. But it is also true, as President Johnson has said, that "the pages of history can be searched in vain for another power whose pursuit of that self-interest was so infused with grandeur of spirit and morality of purpose."

Mr. FRELINGHUYSEN. I yield 5 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I would like to say that I favor the passage of the U.S. foreign aid program because we on the House Committee on Foreign Affairs have gone over this program with a fine-toothed comb and feel this is the best that can be provided the House and the American people at this time.

In every program of this size, there can be many changes, many changes to the good. That does not mean we should, therefore, vote against a whole program simply because there can be improvements.

We in this country are in the position that we have friends that have voluntarily stood by us and stand by us throughout the world. We also have places in this world that are weak and teetering as to whether they are going one way or the other so far as communism is concerned. They have so far chosen the free world.

The question has been raised just what some of our allies have done to help the United States after they have been aided.

The people will remember that the House of Representatives in 1950, a few short weeks before the aggression in Korea happened, voted by one vote to defeat the bill to continue U.S. aid to South Korea. I recall that was a very tough vote. I voted for the program, while many people here were talking about economy and why spend the money. I am proud I took the responsibility.

What has South Korea done since? South Korea, in spite of her troubles and growing pains, has remained a part of the free world under most difficult conditions.

South Korea at the present time has 18 armed divisions on the northern line at the 38th parallel compared to 2 divisions of the United States of America. Likewise, South Korea has 40,000 people in their navy. They also have 40,000 men in their marine corps. For each of our 2 U.S. divisions, South Korea also supplies 25,000 trained men who serve with our U.S. servicemen. So that in our U.S. divisions, as fill-in members South Korea supplies 50,000 men at the present time.

In gratitude for U.S. assistance, and to protect her southeast Asia neighbor, South Korea has now sent 2,000 armed services men to help South Vietnam. These South Koreans have proved real allies.

South Korea, this country of 27 million people, has been our fine and friendly ally in the Asian area and in the South Pacific. I believe our friends, the South Koreans, are to be highly complimented and thanked rather than criticized. If anybody is voting against this bill on the basis they believe that South Korea has not done its part or that we lost 24,000 men defending her in 1950 to 1953 or that we had over 150,000 casualties of U.S. servicemen, please remember they had six to eight times more casualties of their own, including civilians, women, and children.

When we in the United States hear of trouble in South Vietnam and we many times hear of the troubles that we are having, but we do not hear of the hundreds of local people in the South Vietnam local government and military defense services who have been shot or beheaded or knifed and who have lost their lives because they have stood up for stable, free government in South Vietnam.

I, for one, think it is worthwhile to

stand up for freedom and pay the cost. And let me tell you, freedom is not cheap. It is costly both in money and in lives. The price standing against tyranny is paid by every generation of Americans and every generation of free peoples.

So it is little enough then that the Congress of the United States can do to provide this \$3.4 billion U.S. economic and military aid, to preserve the many peoples in the free world, for security, peace, and progress. For the current year this amount is a much smaller proportion of our United States gross national product than it has ever been throughout the U.S. foreign-aid programs. This is one of the lowest figures we have ever in this House approved for United States foreign aid. Therefore I favor passage of this bill.

If we want to see some problems on local U.S. government, I can point out to you a bridge in Pittsburgh that has been built now for 2 years. A highway goes up on one side of it and there is no highway down the other side, and we have not been able in our own community to figure out how to get a highway down the other side. So this bridge costing millions has stood there for several years, unbelievably, with nobody going over it except one fellow who tried it as a dare, I believe, and he got off the other side through the air, as there is no approach ramp.

When there are governmental and economy and progress troubles abroad in countries that are backward and developing, we must realize that we must help them through their own means to become progressive through development aid training, and technical assistance so that they eventually can become as efficient as we are. We in the United States have many inefficiencies in spite of our own high-level progress. We should not just look at this U.S. aid program as a mirror of our own States and municipalities, but as a program in which we are helping rising peoples who are standing up for us in most cases, and fighting hard battles of their own against poverty, ignorance, disease, and starvation.

One of my main points in supporting U.S. foreign aid programs is the U.S. contribution to the United Nations Children's Fund, which is authorized annually under this particular legislation. It is my amendment that put authorization for U.S. Government contribution to the United Nations Children's Fund into the Marshall plan legislation as a new title, so I feel a special responsibility to make sure the money is well spent.

The United Nations Children's Fund has been a wonderful success. For example, the developing countries receiving aid put up an average of \$2.70 of their own money, or equivalent in goods and services, for every dollar that the United Nations Children's Emergency Fund puts up to help them with their own programs in their own countries.

On U.S. contributions, the United States has pledged to contribute \$12 million, as we have since 1960, for this Fund. That \$12 million contribution is only 9

percent of the total that is contributed by all nations. Last year, the budget made by contributing countries was \$30 million. So recipient countries contributed \$75 million also in money, goods, and services, making a total budget by countries for 1964 of \$105 million. In 1964, a total of 118 governments contributed to UNICEF, a remarkable record. In this International Cooperation Year, we in the United States should plan to increase our contribution.

This is a great method of working for peace, because it is helping the younger generations on the basis of health, teaching, training, and assistance to mothers and children. Fifty percent of the UNICEF program goes to health, and the other 50 percent for teaching, for supplementary diets, vitamins, and so forth, and it is on the basis of countries in every part of the world.

The U.S. Committee for UNICEF does a fine job raising private contributions and explaining UNICEF programs. The Committee manages a countrywide operation on the sale of cards, Christmas cards, and calendars, and many local organizations handle Halloween collections, and the U.S. children participate in trick-or-treat programs and events of all kinds and turn the proceeds over to UNICEF to help the needy and sick children of the world. This raises \$6 to \$8 million a year for UNICEF from private sources, in addition to Government contributions.

In 1964, 112 countries and territories in Asia, Africa, and South America received aid in a total of 556 long-term projects benefiting children and mothers.

Likewise, not only the members of the United Nations contributed, but also countries other than those in the United Nations contributed.

UNICEF for the present will continue to concentrate well over 50 percent on its health programs. UNICEF organizes mass campaigns against crippling diseases of children, such as trachoma, malaria, leprosy, and tuberculosis. UNICEF encourages the establishment of permanent local health centers. Last year, UNICEF had programs for improvement of child nutrition in 74 countries.

More than 30,000 health centers have been established by UNICEF throughout the world during the operation of the UNICEF programs since the start in 1946. What uncounted good and tremendous blessings.

It is a real pleasure to name specifically for the record the countries contributing in 1964, 118 in all. This is a tremendous evidence of the wide world support for the fine programs UNICEF has been working upon through the years.

Contributions to the UNICEF program have been made annually not only by countries but also by the Pope, the Holy See, through the years.

When we speak of what India is doing, we must remember that India put up \$840,000 for these programs. The U.S.S.R. pledged \$675,000 last year. Mexico contributed \$580,000, Australia \$537,600, and Switzerland, \$441,860.

I read the list for the RECORD:

United Nations Children's Fund—Governmental contributions for 1964 (for all purposes)

Contributing governments	Contributions to central account	Contributions for administrative costs	Contributions for aided projects	Total contributions	Contributing governments	Contributions to central account	Contributions for administrative costs	Contributions for aided projects	Total contributions
Afghanistan.....	\$10,000	\$3,479	\$2,250	\$15,729	Italy.....	\$192,000			\$192,000
Algeria.....	35,000	3,536		38,536	Ivory Coast.....	10,204	\$32,653		42,857
Argentina.....	71,429			71,429	Jamaica.....	8,400			8,400
Australia.....	537,600			537,600	Japan.....	196,200			196,200
Austria.....	96,154			96,154	Jordan.....	5,411			5,411
Belgium.....	200,000			200,000	Kenya.....	2,801			2,801
Bolivia.....	5,000			5,000	Kuwait.....	10,000			10,000
Brazil.....	274,193	8,657	3,226	286,076	Laos.....	1,000			1,000
British Caribbean territories:					Lebanon.....	14,516			14,516
Antigua.....	175			175	Libya.....	12,600			12,600
Babamas.....	2,800			2,800	Liechtenstein.....	1,504			1,504
Barbados.....	2,000			2,000	Luxembourg.....	6,000			6,000
Dominica.....	235			235	Madagascar.....	10,204			10,204
Grenada.....	588		70	658	Malaysia.....	57,643	8,683		66,326
St. Kitts.....	292			292	Mali.....	12,245	2,497	\$10,193	24,935
St. Lucia.....	875			875	Mauritania.....	4,082			4,082
British Guiana.....			3,000	3,000	Mexico.....	580,000	33,307	2,527	615,834
British Honduras.....	700			700	Monaco.....	2,041			2,041
Brunei.....	3,267			3,267	Morocco.....	25,137	13,097		38,234
Bulgaria.....	4,273			4,273	Netherlands.....	138,122			138,122
Burma.....	56,000	66,058	272,356	394,414	New Zealand.....	210,000			210,000
Byelorussian Soviet Socialist Republic.....	62,500			62,500	Nicaragua.....	10,000			10,000
Cambodia.....	5,000			5,000	Niger.....	8,163			8,163
Cameroon.....	13,300			13,300	Nigeria.....	21,000		(56,286)	(35,286)
Canada.....	739,884			739,884	Norway.....	450,864			450,864
Central African Republic.....	4,275			4,275	Pakistan.....	136,434	82,467	124,841	343,742
Ceylon.....	14,700	3,234		18,024	Panama.....	15,000			15,000
Chad.....	6,122			6,122	Paraguay.....	30,000			30,000
Chile.....	80,000	1,562	2,400	83,962	Peru.....	89,552			89,552
China.....	15,025		15,853	30,878	Philippines.....	185,000	62,500	67,944	315,444
Colombia.....	150,000	11,633	11,882	173,515	Poland.....	100,000		500,000	600,000
Congo (Brazzaville).....	14,286			14,286	Republic of Korea.....	30,000			30,000
Congo (Leopoldville).....	18,000			18,000	Republic of Vietnam.....	20,000	112		20,112
Costa Rica.....	30,000			30,000	Rumania.....	25,000			25,000
Cuba.....	70,000			70,000	Saudi Arabia.....	20,000			20,000
Cyprus.....	2,000			2,000	Senegal.....	20,408			20,408
Czechoslovakia.....	52,083			52,083	Sierra Leone.....	11,200			11,200
Dahomey.....	5,000			5,000	South Africa.....	30,125			30,125
Denmark.....	202,702			202,720	Spain.....	100,000			100,000
Dominican Republic.....	40,000			40,000	Sudan.....	13,076			13,076
Ecuador.....	23,745	1,627	(37)	25,335	Sweden.....	752,806			752,896
El Salvador.....	20,000			20,000	Switzerland.....	441,860			441,860
Ethiopia.....	18,000	9,350		27,350	Syria.....	12,500			12,500
Federal Republic of Germany.....	1,500,000			1,500,000	Tanzania.....	700			700
Finland.....	62,500			62,500	Thailand.....	140,000	12,163	18,130	170,293
France.....	1,109,184			1,109,184	Togo.....	8,163			8,163
Gabon.....	13,300			13,300	Trinidad and Tobago.....	7,000			7,000
Gambia.....	1,120			1,120	Tunisia.....	16,620			16,620
Ghana.....	16,800			16,800	Turkey.....	194,445	34,222	(2,165)	226,502
Greece.....	57,000			57,000	Uganda.....	11,205			11,205
Guatemala.....	80,000		61,895	141,895	Ukrainian Soviet Socialist Republic.....	125,000			125,000
Guinea.....	22,180		216	22,396	U.S.S.R.....	675,000			675,000
Holy See.....	1,000			1,000	United Arab Republic.....	114,800	12,197	99,602	226,599
Honduras.....	30,000		(87)	29,913	United Kingdom of Great Britain and Northern Ireland.....	938,000			938,000
Hong Kong.....	3,500	1,832		5,132	United States of America.....	12,000,000			12,000,000
Hungary.....	6,388			6,388	Upper Volta.....	6,123			6,123
Iceland.....	10,651			10,651	Venezuela.....	1,000			1,000
India.....	840,000	253,680	680,002	1,773,682	Yemen.....	2,000			2,000
Indonesia.....	110,000	1,609		111,609	Yugoslavia.....	200,000			200,000
Iran.....	275,000	55,000	1,098,768	1,428,768					
Iraq.....	56,000		421,656	477,656					
Ireland.....	12,042			12,042					
Israel.....	40,000			40,000					
					Total.....	25,597,130	715,045	3,338,236	29,650,411

In closing I am sorry to say that \$9 million worth of necessary programs have been outlined by UNICEF for the current year, which they were not able to institute because of lack of funds. Can the world afford to lose this great good through lack of this amount of contributions?

The Foreign Affairs Committee, in the report, has pointed out—and therefore recommends—that the United States should consider increasing its contribution to the United Nations Children's Emergency Fund for the coming year. I strongly recommend this. I am pleased that the House Foreign Affairs Committee in its present report recommended likewise. I read the portion of the committee report for the RECORD:

United Nations Children's Fund (UNICEF).—The purpose of the U.N. Children's Fund is to make a permanent contribution to the welfare of children through programs which countries will be able to carry on themselves after initial stimulus from the Children's Fund. UNICEF furnishes supplies and equipment which assisted governments are unable to provide, while related

technical assistance and advice are provided by other United Nations departments and specialized agencies. In addition, each country seeking UNICEF assistance must agree to match in goods and services the funds received from this organization's central fund. During 1964, UNICEF was providing aid to 553 long-term projects benefiting children and mothers in 117 countries and territories. Over 50 percent of its assistance was directed to health programs and combating of crippling diseases to which children are most susceptible. Also, in 1964, 117 governments were providing support to UNICEF.

For fiscal 1966, the United States proposes to pledge up to \$12 million to UNICEF subject to the limitation that the U.S. share should not exceed 40 percent of the total contributions from governments. This is the same amount as pledged annually since 1960; the U.S. share, however, has been progressively reduced from 48 percent in 1960 to 40 percent in 1964.

It was called to the committee's attention that, during calendar year 1964, UNICEF received requests for assistance amounting to \$9 million which it could not meet because of lack of financial resources. The committee believes that the humanitarian work being performed by this organization is of great importance. If the level of pledges of

contributions from other governments should increase sufficiently during the coming year, consideration should be given to increasing the amount of the U.S. pledge of contribution by 1967, subject, however, to the 40-percent matching formula.

Maurice Pate, executive director of the Children's Fund who died on January 19, 1965, was described by President Herbert Hoover as "the most efficient human angel I have ever met." So UNICEF has had good leadership under this fine dedicated American. Maurice Pate believed that sick children, hungry children, children deprived of health and schooling, were not only a burden to humanity's conscience, but a criminal waste of humanity's resources.

I agree with Maurice Pate wholeheartedly, and believe you do, too.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FINO].

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, for 20 years the United States has played the role of international good fellow. During that time we have dispensed something like \$110 billions of our hard-earned tax money in a bewildering variety of civilian and military assistance programs.

It is interesting to note that 110 countries have participated in our bounty. Yet, as I look at the list, I find that only a few have withdrawn their stretched-out hands and have, in turn, attempted to do something for others less fortunate. I note that even today just under 100 nations are asking and expecting help from us.

When I first came to Congress 13 years ago, foreign aid—or maybe I should say the concept of foreign aid—had just proved to be a valuable tool of democracy in rebuilding Europe.

I have voted for and supported this program consistently throughout these years because of its worthy objectives. It was intended to help countries achieve economic progress and political stability under increasingly free and democratic institutions. Our efforts to achieve a prosperous and free world is not only in the national interest but also in keeping with our long history and tradition of freedom and democracy.

My objections have been duly registered to the use of these funds to support unfriendly neutralist and Communist nations, but I have not differed with the general concept or idea of foreign aid.

I have repeatedly urged, during the past 13 years, that we should and must reappraise our entire foreign aid program. However, pending that reappraisal, I continued my support of this aid program every year.

After 13 long years, during which time we have dispersed something like \$60 billion, I have come to a crossroads. I am tired of waiting for a reappraisal and restructuring of our foreign aid program that never comes. I am tired of seeing our hard-earned American tax dollars mishandled and misapplied or even embezzled or diverted to personal bank accounts. I am tired of seeing intelligent and constructive criticism of our aid program ignored. I am tired of the never-ending dominance of those who equate criticism of foreign aid with illiteracy or isolationism. This may have been true once, but today's foreign aid critics are a diverse group of liberals and conservatives who simply feel that our present foreign aid program is not paying its way. Today's foolish people are those in Government who beat the drums for foreign aid—right or wrong, proven or unproven—with the old, outdated slogans of the era when foreign aid worked successfully. Our aid program is likewise outdated. It no longer works.

In my opinion, foreign aid has gone on as it has, without overhaul, only because of the legacy of the success foreign aid enjoys from the days following the Second World War. Foreign aid earned, during those productive days, a reputation for success that has far outlived its ability to do the job required. Foreign aid has been living on vanishing achievements. Each year, the results of foreign aid have provided less and less justifica-

tion for the expenditures involved. But during its period of success, foreign aid gained a place in the liberal or progressive vocabulary. You attack foreign aid at peril of reputation if you represent a district inclined to progressive politics.

Foreign aid still mobilizes a lot of support which it has long since ceased to deserve. It is still difficult to attack foreign aid in the face of the old slogans about "internationalism" and "international cooperation."

Today, the United States is paying the price. We are paying for the persistence of a program which no longer justifies itself. We are the victims of our own slogans and of our own gullibility. I intend to take the risk of exposing myself of unwarranted attacks. I am turning my back on a foreign-aid program that has forfeited my respect.

Someone might well ask, "What is there about today's foreign aid that makes it different from the postwar foreign aid that worked so well?" For me, the distinction is clear. The money we spent after the Second World War in most cases went to rehabilitate the economies of friendly nations. We were not dealing with nations whose friendship we had to buy so we ran little risk of political failure. We were merely helping friends to rebuild their economies. Notice I said "rebuild." Most of these nations knew full well what they were doing. Like the United States, they were modern, industrial nations with technological ability and experience. We were dealing with nations who we could rely on to make aid do the job. They did make aid do a job in those days. American aid dollars started Western Europe humming again. These aid dollars produced economic and political results. Economies were rebuilt and friendships were strengthened. In a few cases, aid helped win over defeated industrial nations like Japan and Germany. During the postwar period, the successful, large-scale aid programs did not involve nations with undeveloped economies, nor did they involve newly emerging and psychologically uncommitted "neutralist" nations. Foreign aid won a reputation by aiding friendly nations to rebuild in the postwar era. That reputation should not serve to defeat criticism and restructuring of a different program than the one that won the reputation. This kind of foreign aid has never proven itself. It has lived on the past. It has thrived on ineptness and gullibility. We need to take a new attitude toward such aid.

My doubts about the aid program hinge on the fact that the countries getting the aid are usually both uncommitted and undeveloped. Now, of course, the fact that these nations are uncommitted and undeveloped is probably the key reason for giving them aid. We hope to stimulate their development in such a way that they will overcome poverty, internal left-wing threats and so forth—at which point, presumably, they will see the wisdom of American foreign policy. From my point of view, however, we are simply asking for failure. We cannot spend the vast fortunes necessary to build jungle-hut economies into industrial nations. In postwar days, all we

had to do was help proven industrial powers regain their feet. Besides, in those days, we could afford to be generous. In those days the dollar was king. Today, we cannot afford to be generous. The dollar is in serious trouble. So instead of being cautious with our aid, we are throwing it away in increasingly implausible directions. This makes no sense. Let me say it again—I do not think that we can afford to try to put the undeveloped nations of the world on their economic feet with haphazard aid programs.

Nor do I think that these aid programs can successfully win friends for us. How do you buy friendship of nations who are not basically oriented in your direction? I do not see how it is possible. These nations are often ex-colonial nations, jealous of our wealth and prosperity. I suppose that this is understandable, but it is nonetheless a fact. When we give them foreign aid, the act of so doing only emphasizes who has money and who does not, and because this is much of their underlying grievance in the first place, I cannot see how this helps our foreign policy. I cannot help but feel that all too often, our foreign aid programs merely aggravate our foreign policy.

I was most heartened when in 1962 President Kennedy appointed a blue-ribbon panel under Gen. Lucius Clay to examine our aid program and bring in some recommendations. I was very pleased and surprised at the remarkable freedom the general and his associates showed in evaluating the total aid program, in assessing its weaknesses and strengths, and, finally, in coming forward with a good recommendation that struck anguish in the heart of the AID downtown; namely, that \$500 million could easily be cut from the aid request for fiscal 1964. A new aid request was immediately submitted with that resolution in mind. On top of that, the general later stated categorically that another \$300 million could easily be cut from the requested total as AID simply could not spend all the funds in the pipeline and that an enormous sum would remain uncommitted at the end of the fiscal year.

We know the background of the Clay report. It came about because the President himself, the AID administration, many of us here and large numbers of influential businessmen had become convinced that public acceptance of our overall aid programs was fast disintegrating. This increasing lack of public confidence in the last 5 years has been reflected in critical articles and letters in the newspapers. Congressmen have received an avalanche of mail on the subject—mostly critical. As the Clay report stated so succinctly, a good deal of the carping and sniping about the program was serious and well-deserved. Most taxpayers in all walks of life had begun to ask very troubling questions and the President's appointment of the Clay Commission was in direct answer to the mounting tide of public criticism. Three years ago this Commission attempted to clarify the problems. But I respectfully submit to this House that the problems have persisted—in some instances have become aggravated—and the time is here

when a truly agonizing reappraisal is in order to dissect the program to the bare bone. Only this time Congress itself should attempt the task.

For 13 years I have seen the ineffectiveness, the maladministration and the lack of tangible results of our aid programs. We all remember how the chairman of the Foreign Aid Subcommittee of the House Appropriations Committee, the gentleman from Louisiana, Congressman PASSMAN, stated but a few seconds ago that his committee had actually exised over \$8 billion from the aid requests. I must ask, in all sincerity, whether, if we had given the total asked for, such funds would have been spent prudently and judiciously? In the light of what I have seen I am sure that our taxpayers now would have welcomed even larger cuts in past years.

As part of the inherent public criticisms alluded to in the Clay report, let me mention but a score of the more blatant points raised by so many:

First. Far too much money has been given too soon to too many nations to be used effectively.

Second. We have overextended ourselves, especially in military aid.

Third. Many programs are far too diffused for any tangible end results.

Fourth. Many large projects have been grossly mismanaged.

Fifth. Our AID bureaucracy here and overseas has often been proved ineffective with too much deadwood.

Sixth. Idealistic planners in AID have often little knowledge of the real needs of recipients.

Seventh. Effective liaison between objective field missions and the "do-good" planners in AID headquarters is still to be attained.

Eighth. Far too many projects have been begun and abandoned before fruition with resultant "loss of face" for us.

Ninth. It has been proved that many projects begun bear little or no relation to the interests of the people for whom the aid was given.

Tenth. In many countries our aid program has succumbed to the wishes of certain cliques in power.

Eleventh. In some recipient countries, the graft and greed have enriched some politicians at the expense of the masses for whom the aid was originally intended.

Twelfth. In some areas there has been speculation in our aid goods on the black market.

Thirteenth. Some large projects have been placed in some countries far beyond the ability of that country to repay the loans.

Fourteenth. Much aid has been disbursed solely in response to false threats of Communist subversion.

Fifteenth. Many attempts to commit AID funds to prevent them from being unexpended at the end of our fiscal year result in careless and wasteful spending.

Sixteenth. Aid has been disbursed under subterfuges, by being moved from program to program.

Seventeenth. In many cases actual aid expenditures have borne no relation to the end-use justification for which actual funds were requested from Congress.

Eighteenth. Much of the foreign aid funds has been disbursed by means of backdoor financing.

Nineteenth. Our AID bureaucracy is perpetuating itself.

Twentieth. Finally, little cooperation on the part of recipients, in fact, little thankfulness for the aid given, has been demonstrated.

Mr. Chairman, if anyone here doubts this catalog of aid failures and faults, let him read the hearings held annually on our foreign aid authorizations and appropriations. He will be very much upset at the evidences of wrongdoing and the folly displayed in so much of our aid expenditures.

Let me add a few specific examples. I think of an enormous ditch made around a plateau in Jordan to drain away excess waters in an area where it seldom if ever rains.

I think of \$250 million spent in Iran on building modern military camps for soldiers who do not understand the sophisticated electrical equipment, but who subsequently dismantled the plumbing and kitchen facilities and sold them in the black market.

I think of the Khmer highway in Cambodia which cost \$30 million and which President Kennedy discovered was rapidly falling apart and deteriorating in such a manner in that tropical climate that it would cost twice as much to repair and rebuild.

I think of the then Vice President Johnson's trip to Asia in 1961 when he found in Pakistan in a very modern hospital a cobalt machine being set up by us to treat cancer, whereas in that part of the world the real problem is the numerous infectious diseases which hold the lifespan there down to an average of 35 years.

I think of the deficiencies in our own administrators in the field. In Laos, for example, our own officials are alleged to have taken bribes in return for letting aid contracts to certain preferred firms.

In Germany our aid administrators were grossly overcharged by some shipping companies. The Comptroller General has warned against such practices.

I think of the actions of some of our people in Peru where a former aid chief was discovered to be the chief stockholder in a cattle company which had received foreign aid funds.

One should let sleeping dogs lie, but how can I in clear conscience vote for foreign aid funds when similar practices are still being multiplied, abuses remain unrectified, clear conflicts of interest abound? The bureaucracy administering our aid is entrenched and the taxpayers are being soaked. In all fairness, I must say that I cannot stand in front of my constituents and defend continued expenditures for foreign aid. My people are too intelligent to condone such action on my part without making sure that adequate safeguards surround our giving to foreign countries. My people have doubts when they see where their money goes in certain so-called neutralist countries. Let me point up a few cases.

Consider Indonesia. We have pumped in just under \$1 billion into Sukarno's country. Instead of using these funds to raise the productivity of his emerging industries, he has poured the wealth from his mines, the now confiscated petroleum wells and rubber plantations into Russian coffers to pay for Mig fighters, long-range bombers, guided missiles, and submarines. He has a standing army of 250,000 men intent upon fomenting trouble with newly formed Malaysia. Even the doctors, dentists, and nurses trained by us for civilian service have been drafted into his army. He has taken over our library, our USIA facilities, insulted our Embassy, and confiscated the properties of our private investors. On top of it all, he has told us where to go with our aid. Certainly we do not ask nor expect thanks, but when we continue to give aid to a country like that, we should be in a position to reorient our thinking and turn to those who have a willingness to use our assistance as it should be used.

Consider Egypt. It is the consensus of Congress that not one cent of our aid should be given to any country that channels its own resources into the purchase of arms from the Sino-Soviet bloc. Yet most of Egypt's cotton crop has been mortgaged for some years to come to pay for the latest arms from the Soviet bloc. Any aid that we give Nasser enables him merely to divert some of his own resources towards subversion in the Middle East. The sad part of the whole deal is that we are quite willing to continue giving aid because of a misguided interpretation of our "national interest."

Consider Ghana. This "needy" friend of ours has received quite large sums from us. One of the biggest electric-aluminum complexes is now being built on the Volta River with American money. Yet the press derides us every so often with "Yankee rogues go home." And that is not all, only 3 weeks ago Communist China and Ghana "pledged their determination to strengthen further the existing bonds of friendship and mutual understanding."

Consider Cambodia. The diatribes of Prince Sihanouk against the United States will long be remembered. His threats against us and his actions in flirting with Communist China have caused great concern for our strategists in southeast Asia. After absorbing just under \$500 million of our aid he could rejoice at the death of our late President, burn our flag, and tell us that our aid is not necessary to Cambodia's survival.

Consider Nicaragua. The United States spent \$12 million on a road between Port of Rama, Nicaragua, and the Inter-American highway. The surveyors missed both the port and the highway. Jungle reclaimed the roadbed. AID spent another \$25 million to resurvey and finally completed the road in 1964. A good example of waste.

Consider Vietnam. An \$18 million highway—not militarily connected—turned out to cost \$102 million because AID had not received detailed engineering surveys and estimates.

Consider Afghanistan. We put up almost \$15 million for an airport in that country. With customary AID perception, the airport was allowed to be built with 10,000-foot runways, which made it longer than needed for propeller planes but too short for jets.

Consider Poland and Yugoslavia. Aid to these Communist countries does not make sense to me. I appreciate the argument that this aid might have a valid purpose if it somehow provided an incentive for the satellite nation in question to move further away or stay away from the Soviet block. I doubt that our aid has this effect. Yugoslavia moved away from the Soviet bloc for other reasons. I tend to think that Marshal Tito would be keeping Yugoslavia at arm's length from the Russians with or without our aid. His so-called independence, however, provides a nice talking point to get American aid, so why should he pass up a fat cow easily milked? All you need to get American aid is a good line.

Consider Bolivia. AID put up \$13 million for improvement of state-operated mines in that country. The mines are losing \$1 million a month which AID is considering making up to that Government. The mine is run by a 27,000-member Communist union which would not allow inspectors into the mine area. So no one knows whether our tax dollars are being spent on improvement or not.

Consider India. I have heard India called the great testing ground of democracy in Asia. I have heard it said that if we can not make India safe for democracy, we will lose Asia. I agree that the Indian problem is a crucial one, but I doubt that our aid is of any real influence in directing India's future path. Our aid cannot plausibly reach a sufficient level to overcome India's economic and population problems. So far, our \$5 billion worth of aid has made no real dent in India's problem, nor has that aid made any strides in bringing about increased Indian support for the U.S. position in foreign affairs. Today's India is still the ungrateful India of old. The Indian Government never misses a chance to comment adversely on our foreign policy. They have an amazing degree of gall. They object to our so-called warlike policies in southeast Asia, yet they have frequently been prone to aggression and bloodshed in disputes with India's neighbor, Pakistan. They object to racial discrimination in the United States, while adhering to principles that some of India's people—the "untouchables"—are not fit to be dealt with as fellow humans. Most of the time, the Indian Government makes noises that sound like support of Red China, except when Red China menaces India's borders. Then self-serving India jumps on the pro-Western bandwagon. Maybe we ought to stop aid to India and subsidize some border incidents. They work better. Since the Second World War, India has already gotten some \$5 billion in aid from the United States. They are presently sitting on over a billion dollars worth of blocked counterpart funds. As far as I am concerned, enough is enough.

Needless to say, much of the large sums of money we spend in Thailand, Burma, and other nations is also being wasted. It goes without saying that if our aid had worked in Indochina, we would not be fighting in Vietnam today. To me, the moral of the story is crystal clear. Our aid program is not doing what it ought to do—it is not doing enough to justify itself, politically or economically.

Apart from the problems encountered with dictators and neutralists, I am also concerned with what is happening here at home. I am first of all concerned with our balance-of-payments difficulties. Every year we have to make our international debts good with gold. We spend \$3 billion overseas for our Military Establishment. Our aid dollars simply add to our burdens. We have tried valiantly to get recipient countries to spend their aid dollars here, and have still not succeeded as fully as is warranted.

I am concerned about our yearly budget deficits. This is merely a cumulative mortgage we are putting on our own future. Last year our deficit was over \$8 billion. This year it may be like last year. Certainly our aid totals add substantially to our national debt totals.

I am concerned about our shrinking gold reserve and the rising foreign gold reserves. From a high total of over \$26 billion our bullion stock has sunk to under \$15 billion. The reserves of the free world are rising, but they are rising at a rate greater than the yearly supply of new gold warrants. Their increases are due to their demands on us. In 6 years we gave 57 countries some \$12.5 billion in aid. During those same 6 years these same countries bought \$7 billion worth of our gold. The question comes naturally—did they need that amount of aid from us so as to embarrass us by taking our gold for dollars?

Mr. Chairman, as I said before, a specter rises before me. It haunts me in the light of all the foregoing. I must keep faith with myself and the people of my district. In a round dozen years we have waited for constructive restructuring of the whole aid setup. Instead we see 22 Federal agencies with 71,416 employees disbursing aid in some form or other to some 99 countries and 9 territories. This is the 13th year and my vote will be negative.

It is a fact that aid as presently given has outlived its usefulness and ability to do the job of achieving economic progress and growth. In its present form it is uncontrolled and apparently uncontrollable.

I am tired of seeing our foreign policy actions aggravated by our aid policies. I am tired of seeing our hard-earned dollars being eroded by slow inflation, our gold reserves being slowly depleted, our deficits increasing year after year. No matter if all the aid dollars are spent in the United States of America, when the bills finally come due, it is our Treasury Department which must foot them with our tax dollars.

Mr. Chairman, a prudent businessman must weigh the evidence before continuing an unprofitable business. Our taxpayers demand that we do our duty by them and not let their dollars continue

to go to waste. At this moment most aspects of our foreign aid venture are unprofitable. Unless the whole program and its objectives can be rearranged, with prospects of success, I shall continue to vote against it.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. FRASER].

(Mr. FRASER asked and was given permission to revise and extend his remarks.)

Mr. FRASER. Mr. Chairman, the foreign aid program has been under the aegis of the Committee on Foreign Affairs, chaired by the distinguished gentleman from Pennsylvania [Mr. MORGAN]. I want to add to the tributes paid to Chairman MORGAN by the others here on the floor of the House today by saying that I know of no fairer, no harder worker, no more even-handed chairman, than that who presides over the committee on which I am honored to serve.

Mr. Chairman, the foreign aid program is essential. It has had major successes in Western Europe and in many other countries including Israel, Greece, and Taiwan which were underdeveloped countries and which have now gone off the American aid list.

Moreover, economic assistance has been essential in the forward-defense countries such as Laos, Vietnam, Korea, and many other parts of the world which are in confrontation with the Sino-Soviet bloc.

But we are finding today that assisting the less-developed countries is a formidable task. They suffer from lack of education, they do not possess the institutions of commerce, and they often lack political stability. What they need is not short-term aid, but long-term aid.

We need to think in terms of an Alliance-for-Progress program not just for 10 years but more likely for a period of 50 years.

We need to become more selective as indeed we are as we choose which countries will receive major U.S. aid. We need to continue to insist upon self-help by the recipient nations, particularly the nations in Latin America.

Mr. Chairman, one of the rationales for aid is that economic development aids mature political growth. We believe the security of the United States is best protected in a world community of mature democratic societies. Therefore, we conclude that economic aid helps assure U.S. security by creating an environment in which mature systems of self-government will emerge.

But, Mr. Chairman, we have problems in pursuing this objective with less-developed countries. For one thing, on the continent of Africa, the per capita income runs only \$100 to \$200 a year. In Latin America the per capita income runs only \$200 or \$300 a year. In many of these countries there is a population explosion. Often these countries can assimilate economic aid only at a limited rate. Many of these nations are dependent for growth upon education which means we must measure our progress in timespans of generations. So by the end of this century we will be fortunate if many of these countries have doubled

their per capita income. Yet doubling a figure of \$100 or \$200 does not provide a very adequate economic level for these people.

Mr. Chairman, I raise the question as to whether or not this rate of economic progress alone assures the development of mature political systems. Of course, some of our aid contributes more directly toward the strengthening of political systems—aid which, for example, brings foreign citizens to this country to learn about our democratic institutions and our political party system and our governmental system. Also, we aid political growth through assistance to education, particularly, in specialized education. But in general our aid programs are designed to create an environment for the flourishing of mature political systems just as a young sprout needs good soil, sunshine, the right amount of moisture and a little fertilizer.

But, Mr. Chairman, I wonder whether or not we should not be training the gardener and planting a few more seeds than we are; in other words, besides creating a favorable environment for the growth of self-government, should we not attack the problem more directly? Suppose, for example that Chairman John Bailey of the Democratic Party or Chairman Ray Bliss of the Republican Party had a political party in one of the 50 States which was in the doldrums? Those chairmen of their respective political parties would not send out economic aid or seek to raise the general educational level in the States, or urge the training of more administrators.

Indeed they undoubtedly support these programs in the States. But what they would do is to send out a political party organizer. They would send out a political party organizer into those States who know how to bring people together, how to organize political parties, how to raise money, plan meetings, stage conventions, and run elections.

Today the United States, Canada, Western Europe, Israel, Japan, and other countries are providing economic aid to the less developed countries of the world. But so is Russia, Red China, and other countries associated with them. So there is not much difference except in the amount of economic assistance.

The unique contribution that Western democracies have to offer is the idea and system of self-government. Above all else, that is the idea we seek to export. We should stop being circumspect with our friends.

We should not limit ourselves just to creating a favorable environment. I think we ought to move in on the problem of developing stronger political organizations and a more mature political system directly by the use of people trained in the political processes. Exporting political know-how from this country and other Western democracies requires that it be channeled through multilateral agencies. This is the only way we can avoid the sensitivity which comes from the fear of many of these new governments that their national independence may be impaired or that there may be interference in their internal affairs. I believe that the Western

democracies should get together and meet with the representatives of the sympathetic underdeveloped countries to find ways of using the political know-how of people who run the politics of these nations. We should encourage these people to help themselves to develop stronger political systems.

Some progress in this type of training is already being made in the economic field. The American Institute for Free Labor Development helps to train trade union leaders. Cooperative leaders are aiding in the development of cooperatives and credit unions. We need to expand these kinds of training into the political field, perhaps by the development of regional institutes designed to train new leadership directly in political techniques which have relevancy to the problems of the new countries.

The idea of exporting practical political know-how carries with it problems as well as opportunities, all of which are not self-evident. But careful study can identify these problems and develop workable concepts which will permit the extension of this important knowledge to these new countries. Strengthening self-government through stronger political systems is clearly consistent with the idea of national self-determination to which so many of these countries are strongly attached.

The idea of self-government is the most powerful idea at work in the world today. Let us promote and strengthen that idea in every way open to those of us among the Western democracies.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BINGHAM].

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Chairman, first of all I should like to join in complimenting the distinguished chairman of the Committee on Foreign Affairs and the members of that committee for what seems to me to be a splendid bill and a splendid report. I have no wish to repeat the arguments that have been presented here so eloquently by members of the committee, but I would like specifically to associate myself with the remarks of the gentleman from Florida [Mr. FASCELL], about the Administrator of our AID program, Mr. David Bell. I think we are indeed fortunate in this country to have such a remarkable public servant in that office.

It seems to me, as I have listened to the debate today—and I have listened very carefully—that there has been a tendency to ignore the fact we are presented here with a bill that comprises several very different components. I do not want to say much about the military program or the supporting assistance program because I think these two tend to be popular programs. But it is a fact, and it has been largely ignored today, that the new authorizing moneys provided for in this bill are mainly for those two programs—military assistance, which, of course, is a way of saving money for us by providing assistance to countries that can furnish troops for the defense of the free world more economi-

cally than we can, and the supporting assistance part of the program, which is desperately needed. Eighty percent of that goes to Vietnam, Korea, Laos, and Thailand. I wonder whether the opponents of this bill really want this country to stop providing assistance to these four countries.

The principal attacks on the program today have been in the area of economic development, and while this is not a major part of the new authorizations requested, I would like to say a few words about that because I have some background of experience in that area. One of the fundamental points, it seems to me, that we should keep in mind, Mr. Chairman, is the purpose of this aid. It is its purpose to build strong, independent democracies. It is not, as has so frequently been stated, to buy friends. We cannot buy friends with money. That is obvious. But that is not the purpose of the program. I defy you to find any where in the committee's report a single suggestion that we are trying with any part of this money to buy friends.

The case of India stands out, perhaps, as an outstanding example of what we have been trying to do in the development field. We have provided a great deal of economic assistance to India over the years, and I submit, Mr. Chairman, to very good purpose. If we look back to the India that existed in 1952 when I first was there, it was a very unstable country, a country that was threatened with a Communist takeover at the next elections. Today, while we do have criticism of our policies from India's leaders—criticism which I agree is regrettable—we have a strong stable democracy in that area. We have an interest in seeing that India with a free society and a mixed economy does not lose the race with Communist China. It is of intense importance to us that India as a great democracy succeed in making her economy work and making progress for her people through democratic means. I submit over the years a great deal of success has been achieved in that effort.

Essential to the technical assistance part of this program is the communication of knowledge, that is: education.

At this point, I should like to discuss in some detail the technical assistance program for education under the AID request for fiscal year 1966, for this program, it seems to me, touches the roots of the development process.

Education has been a symbol—and a strength in this Nation—a part of the modernization process. This is true around the world, for a touchstone of the modernization process in the free world is education.

The number of children needing educational opportunities around the world is staggering. There are more illiterates, for example, in India than the entire population of Western Europe. In Ethiopia, with a population of about 20 million, over 3.7 million boys and girls of school age were turned away from schools due to the shortage of teachers in 1962.

In the developing countries now receiving U.S. assistance live 1.2 billion

people, roughly 40 percent of the world's population. The educational challenge in these nations is immense. The average literacy rate is about 25 percent; less than a fourth of the children of school age are in school; and less than 2 percent complete secondary education.

The purpose of the education program is at the heart of the entire foreign aid program. If we are to help the less-developed nations acquire a competence and a capacity to meet their own problems, we must assist them in educating their people. We are not seeking to complete the job for them. We are, instead, trying to teach them to do things for themselves.

Ever since President Truman's point four program was proclaimed in 1949, we have recognized the importance of education in the development process. The infusion of large amounts of capital assistance, we found, was not the answer. The experience in the Marshall plan in Western Europe, where large amounts of money acted effectively as good transfusions to recovering economies, was not usually applicable to our programs in the new and developing nations of Asia, Africa, and Latin America.

The technical assistance program is education in the broad sense of the word, since it involves the transmission of knowledge and skills from the United States to the developing countries. Under the technical assistance program, \$210 million is requested in new obligatory authority. This amount, together with recoveries, will fund programs in Asia and Africa amounting to \$231 million. In addition, an \$88 million program is proposed for technical assistance under the Alliance for Progress.

About one-fifth of the total technical assistance program is directed toward education in the formal sense: strengthening educational institutions and teacher training. Techniques used to accomplish these goals vary according to the country's need and the amount of assistance offered.

AID now has education programs in over 50 nations involving over 350 American educators as direct-hire employees. They serve as effective, top-level advisers in field missions helping to shape programs of assistance. They also serve as education technicians in fields ranging from vocational education to nuclear engineering.

The less-developed nations are, in some cases, at the stockade era of their own development. Just as we found education to be a key to the development of and the heart of our own modernization process, we are seeking means by which we can assist in the translation of this idea to them.

In this translation process, we are not seeking a transplantation. We do not try to re-create our educational system and institutions in other nations. What is needed in a less-developed African nation may well not be what we have in California, but a program fitted to the history, culture, and values of that country.

The approaches to these problems vary, but, by and large, AID is trying to work on the problems of quality and

leadership, and of planning and management in order that these countries can move toward the development of their own human resources. Basically, our job is to help lay the groundwork. U.S. funds are helpful in the necessary job of providing classrooms and teachers—particularly for pilot or demonstration projects. But we cannot, as a Nation, undertake the building of all the classrooms necessary or provide the vast amount of teachers needed to bring the staggering number of school-age children into a meaningful educational environment. The job of expanding educational facilities to the point necessary to provide for the full needs of the developing countries is basically one that must be carried out by these themselves.

How then does AID tackle the problem of planning, management, leadership, and quality in education?

Our program is guided by the following strategies:

First, it supports efforts of the developing countries to improve the planning and development of their own educational system. In nearly every underdeveloped country, pressures to start educating everybody at once are acute. Combined resources from all sources, however, fall far short of the total needs for educational development in virtually all countries in Latin America, Africa, and Asia. Priorities, therefore, have to be established and difficult choices have to be made in light of immediate and long-term critical needs for trained manpower and other national, economic, and social development goals.

In Latin America, for example, our foreign aid program has given high priority to assisting countries in this type of planning for the development of their own educational resources. U.S. staff, skilled in this field, have been added to many of the AID missions in Latin America, and AID funds have been used to send key representatives from Latin American education and finance ministries for training to the U.N. Economic Commission Training Institute in Santiago.

On a worldwide basis, AID is cooperating closely with the World Bank and the new International Institute for Educational Planning in their combined efforts to improve the planning and administration of educational programs in developing countries.

Second, our AID programs are designed to support the "leading edge of change and improvement" as Administrator David E. Bell so aptly phrased it. By illustration, AID is helping to establish a National Institute of Education in Delhi, India, through a contract with Columbia Teachers College. The institute will be a center of research and leadership for the entire Indian educational system—building and multiplying the leadership in Indian education for years to come.

Another AID project in India is helping to modernize the Indian system of education and to bring about a change in the outlook and methods of Indian educators. One of the problems with

Indian education at this time is that it is predominantly academic in orientation and deficient in relation to the needs of a developing nation. It has emphasized rote learning rather than creative thought—memorization of formulas rather than experimentation—acceptance of established doctrine rather than innovation in ideas and materials to meet the growing needs of the country. AID is helping to remedy these ills by running a series of summer science institutes for Indian educational leaders, similar to those held in the United States by the National Science Foundation. Last summer, 44 institutes were conducted in mathematics, biological sciences, chemistry, physics, engineering, and applied technology. Forty-two U.S. colleges and universities, plus 16 public school systems contributed a total of 83 American professors to the institutes. Over 2,000 Indian faculty members—one-third from high schools, two-thirds from colleges—were the students.

In the field of agriculture, AID is working through five American land grant universities to seek to upgrade the quality of Indian agricultural colleges and universities. In the field of engineering, AID has established a consortium of American engineering schools which is helping to establish an Indian Institute of Technology at Kanpur—conceived as a center of excellence in research and teaching, with the hope that one day it will be as influential on the Indian scene as MIT and Cal Tech have been on the American scene.

The same process is at work in other countries. AID is supporting a mathematics curriculum development program in Africa. It has a purpose similar to the Indian Summer Science Institutes—namely that of deemphasizing rote learning and stimulating the creative talents of students in the field of mathematics which is basic to modern technology and the whole development process. The project, now completing its third year, is developing modern mathematics texts, workbooks and teacher guides appropriate to English-speaking African countries for elementary and secondary schools. It is being conducted under AID contract by Educational Services, Inc., of Cambridge, Mass.

The present traditional mathematics curriculum in English-speaking Africa, a holdover from colonial days, is deemed inadequate by all African countries and a new mathematics curriculum development program, involving Africans from the start, is expected to produce superior instruction in mathematics and to demonstrate to ministries of education an effective process whereby reforms in other subjects can be effected.

Since 1962, when the AID project began, three summer workshops held in Uganda have produced 16 completed books in 35 volumes for African students and African teachers of grades 1, 2, 3, 7, 8, and 9. In order to test these materials, over 500 teachers have been trained in the use of the new math texts at teacher training workshops. At present an estimated 400 classes in Liberia, Ghana, Nigeria, Sierra Leone, Kenya, Ethiopia, Tanzania, Zambia, Uganda, and Malawi

are using the tests on an experimental basis.

With assistance from the Alliance for Progress, Columbian educators have adopted and translated into Spanish the text of the biological sciences curriculum study "new biology" which was developed in this country through assistance of the National Science Foundation. This adapts some of the best techniques of new science teaching to the cultural and geographic conditions of tropical Latin America and may well become a prototype for all South and Central America.

But methods and theories can be meaningless unless there are teachers to convey them. The third strategy of AID in assisting the developing countries to improve their educational system is support of projects which have a large multiplying effect—primarily teacher training.

At present over 7,000 men and women from the developing countries are studying in the United States, largely in our colleges and universities, under AID auspices. In studying economics and agriculture, medicine and nursing, and other subjects they are preparing themselves to become leaders in their own societies.

But each country must prepare to educate its own teachers. The problem cannot be solved in the long run by exporting potential teacher talent to the advanced nations for training. On the contrary, this can only fill the void until the lack of facilities and educational leaders is rectified at home.

AID has made a distinctive contribution in filling this void. I have already mentioned our assistance in the establishment of a National Institute of Education in Delhi. AID supports other teacher training programs in most countries where there are AID programs.

One of the most successful and earliest programs, setting a pattern for others to come, is in Nepal. In 1954 Nepal's first teacher training center was established through contract with the University of Oregon. Two years later, mobile normal school teams were organized to carry teacher training to the hinterlands. Staff members for the provincial teacher training program were given postgraduate professional training at Nepal's new College of Education by both U.S.-trained Nepalese professors and University of Oregon advisers.

An annual inservice training program of 6 to 8 weeks was established for all normal school staff members at the College of Education. A total of more than 2,400 primary school teachers were trained by the normal school staffs, and a normal school organization established which is capable of turning out 1,000 to 2,000 teachers a year.

Thus, AID is helping to fill the most critical of all manpower shortages in the developing countries—from the first-grade teacher to the doctoral-university level. This is fundamental, in my opinion, to any development progress.

AID book programs also have long-lasting and potentially far-reaching multiplier effects. The foreign aid program supports a wide variety of programs aimed at providing key types of

books to developing nations and at assisting the countries themselves to develop the local capacity to produce and publish their own books. In Central America, AID has organized a regional textbook center where first and second grade readers are being written, printed, and distributed to youngsters in the five Central American countries. Thus, for the first time in history, every youngster in Central America should soon have a first grade reader.

In the Philippines, AID is helping to relieve a critical textbook shortage in the nation's school system by financing paper imports and technical services to print 25 million textbooks by 1965.

These magnificent achievements will pay off. We are helping to build intellects and institutions. We are exporting a most cherished part of our heritage—a belief in education as a key to freedom and progress, as a key to strong, democratic societies.

The communication of skills, of knowledge, was the central idea that was presented by President Harry S. Truman in his famous Point Four statement in 1949. I think it is the key still to the success of our program.

I do not mean to suggest, Mr. Chairman, that the AID program is perfect. I have certain misgivings about it myself. I think, for example, that we have carried on too long in trying to mollify such people as Sukarno and Nasser with our assistance. I think we have been too free with military assistance to small countries that have no real military capabilities or significance. In both of these cases, I think we have come close to the idea of trying to buy friends, and this is where we do make mistakes.

Similarly, I tend to agree with the gentleman from Minnesota, Mr. FRASER, that more should be done through multilateral agencies.

I am also concerned over the piling up of debt service obligations in many countries through the use of loans and with the piling up of unused local currencies.

But the fact is that the mistakes of this program, and the criticisms, should not mean the ending of this program.

Are we satisfied with the service we get from the Post Office in this country? But our criticisms do not mean that we want to end the mail service. We have a growing crime problem in this country that we are terribly disturbed about. But does that mean we want to put an end to the police force in our cities?

Mr. Chairman, as the greatest and most powerful country on earth, our reputation in history depends on our continued acceptance of responsibility to try to relieve conditions of instability in the world and to exert leadership. That is an expensive process. History will judge the United States by whether we have the stamina to carry on, in spite of difficulties, in leading the free world; whether we have the courage not to be diverted from our main objectives by criticisms that are the inevitable lot of a world leader; and whether we have the determination, in spite of the failures here and there, to carry on with what we conceive to be a program of enlightened self-interest; namely, to try to help our

less fortunate neighbors achieve economic progress and political stability through democratic means.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

(Mr. GALLAGHER asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, the committee has held hearings on this bill for approximately 2½ months. We listened to some 26 public witnesses. Anyone who wanted to appear were so allowed.

Throughout all of this the chairman of the committee, the gentleman from Pennsylvania, Dr. MORGAN, has been patient and understanding, and has allowed anyone who wished to make a contribution to the bill to do so. I believe no man in this House works harder or puts in longer hours, and down through the years I believe that few men in this body or in the other body have made a greater contribution to our Nation's interest and to our country's future than Dr. MORGAN.

I heard the distinguished ranking minority member refer to this as the international Appalachia. I hope the results of the Appalachia program, when it is in, will be as productive to humanity as have been the results of the foreign aid program down through the years.

It was also mentioned that we are in the annual minuet of foreign aid. This year we invited everyone to the dance, and everyone had an opportunity to waltz, if he liked, or to change the music, or to rock and roll the administration, if he wished to do so, by questions, by suggestions, by confrontation with the actual people who administer the program.

Much of the information is secret. The books remain on the table available to all Members. This year there was a committee of six people, three on each side, including my distinguished colleague from New Jersey [Mr. FRELINGHUYSEN], the gentleman from California [Mr. MAILLIARD], the gentleman from Michigan [Mr. BROOMFIELD] on the Republican side, with the gentleman from Minnesota [Mr. FRASER], the gentleman from Iowa [Mr. CULVER], and myself on the Democratic side. We invited all Members of Congress to come in, to give them an opportunity to ask questions of the people who carry out the policy of the administration, in order to satisfy themselves and the taxpayers whom they represent that this program is working and working well. Formerly these witnesses were available only to the committee. In the interest of better understanding and broader participation we made these witnesses available to all Members of Congress.

I believe by now there should be no mistake about it.

The investment the American people have made in the foreign assistance program to encourage economic growth in other free world nations and to contain the menace of world communism has paid—and is paying—handsome dividends.

As we reap the rewards of earlier investments, the size of current obliga-

tions for basic international development can actually be reduced.

The appropriation request for fiscal year 1966 is the lowest in the 20-year history of the program. And this is true even when you combine the AID budget with food for peace, the Peace Corps, and other special programs.

This reflects the fact that many nations have been started on the road to self-sustaining economic growth and are no longer in need of our aid.

It further reflects the progress being made by a group of other nations steadily nearing a takeoff point from which they can go it alone.

It is also a reflection of refinements in our aid program and improved, cost-conscious management.

The appropriation request this year amounts to only about 2 percent of the Federal budget and less than one-half of 1 percent of our gross national product. We spent twice as much Federal money for the space program, 15 times as much every year for the domestic welfare, and more than 20 times as much for our military defense.

No one can say that foreign aid has not been expensive but who can say how much of the world would be free today if America had closed its hand and its heart to those in need?

Two-thirds of the appropriations request—\$2.21 billion—is for economic aid. It provides capital and technical assistance for long-term development. It means progress toward self-support by the poorer nations. It also includes economic assistance to promote stability and security in countries directly threatened by communism, and it pays our contributions to international organizations.

One-third of the request—\$1.17 billion—is for military assistance and sales—over a quarter of a billion less than the annual average appropriations for fiscal years 1960 to 1964, and more than \$4.5 billion less than the peak appropriation at the time of the Korean war and NATO buildup.

Our aid program to the poorer countries, like the Marshall plan, is an investment in our own beliefs. The objective is the same—to give other countries the chance to choose freedom.

Our military aid today goes largely to Asia, two-thirds of it to 11 countries along the rim of the Soviet-Chinese bloc. At a cost of about a billion dollars a year—about one-fiftieth of what we spent here at home for defense—we help support 3½ million men other free countries keep under arms on the rim of the Communist bloc.

The main part of our aid today is economic. It currently runs a bit more than \$2 billion a year, but we don't send the money out of the country. We use it to finance the export of goods and expert services that other countries need to develop—or, in cases like Vietnam, simply to survive in the face of direct Communist insurgency.

Exactly what we provide depends on what other free countries are doing—in Africa, they are doing two-thirds of the job—how advanced a country is, what its problems are, and, most important, how much it is doing for itself.

Our economic aid is highly concentrated. Almost nine-tenths of all our economic aid goes to just 25 countries.

About 70 percent of our aid today is financed by loans, repayable in dollars.

Even in those countries where our aid is substantial, the receiving country is carrying the biggest share of its own development costs. For every dollar of U.S. aid, for example, the 20 major U.S. aid recipients in Asia, Africa, and Latin America are allocating an average of \$6 for development from their own limited resources.

At stake in this program, and in the common aid effort of the free world, is the destiny of a billion, 300 million people who are free today in the sense that they are outside the Iron Curtain, but who are not yet free of the enemies they know most intimately—poverty, hunger, sickness, and despair of achieving anything better.

Our aid program is an investment and like all investments, it carries its elements of risk.

We are beginning to make progress in raising farm output in the poorer countries. What we have already helped accomplish with technical assistance, exports of fertilizer, and aid in expanding irrigation and farm credit, is reflected in the fact that in the last decade, food output per person rose 15 percent in the free world, while it dropped 4 percent in the Communist bloc.

The less-developed countries have increased their own investment in education an average of 15 percent each year.

Our own aid, which paid for training, spray equipment and most of the DDT, has made possible the worldwide malaria eradication program. Half of the 1.4 billion people who lived in the world's infested areas are now protected and for 300 million the malaria threat is gone completely. This means more energetic, active people to work at improving their own lives. It also means whole areas can be opened for farming, mining and timber extraction.

Progress is being made. With our help, with help from our prosperous allies, the underdeveloped countries are building something better. Without our help, the prospect would be bleak. Together, we are moving. If our first decade of assistance to the underdeveloped countries has proven anything it is that people, given any practical alternative to communism, will stay with the free world.

While the AID program has done much to further freedom and to raise standards of living in the less developed nations, the people of these countries are a long way from luxury. It is still true that of the 100-plus nations there are in the world only six have an average income of as much as \$80 a month. There is still a long row to hoe.

Foreign aid is not just a one-way street. Tangible benefits flow back to the United States.

The AID economic program means a billion dollars a year in export business for American industry. As far as military assistance is concerned, practically the entire appropriation is spent to buy American military hardware—business

for the people who produce that sort of thing and jobs for American workers.

Under the AID program—and I am speaking now only of the economic part—86 percent of all the goods AID finances are bought right here in the United States. In the 1950's, AID dollars could be spent wherever the world prices for particular goods were cheapest and less than 50 percent were spent in the United States.

For the past 4 years, however, to protect the dollar, a "Buy American" policy has been enforced on anything AID finances for development: machinery, commodities, the services of engineering and construction firms, the services of technical experts of every kind.

But in many nations the AID program has accomplished its goals with signal success, and our aid has ended. AID economic assistance has been successfully terminated in 26 countries since the start of the Marshall plan. Since 1960, supporting assistance grants have been ended to 18 countries. These countries have developed a sturdy economic base which has turned them into good cash customers for the products of U.S. farms and factories, and has made many of them partners in helping others.

Since the Marshall plan ended, the original beneficiaries have given more aid to the developing nations than they themselves received at their time of need. What better way to repay our generosity?

It has been a long time since foreign aid has been carried on solely by the United States. During 1963, 11 other nations committed \$2.7 billion to their own foreign aid programs, which are increasingly coordinated with U.S. aid. That year marked the first during which U.S. bilateral aid was less than half of the total free world aid going to less developed countries. In terms of foreign aid commitments as a percentage of gross national product, several of these countries spend much more than does the United States. The U.S. program represents less than half of 1 percent of our GNP; tiny Portugal is devoting 1.89 percent of her GNP to official aid alone. While U.S. aid expenditures are treading downward, the trend of other donor nations is upward.

In 1964, American business and industry exported \$1,800 million worth of goods to Asia, Africa, and Latin America under the AID program. American shipping lines were paid another \$80 million to carry these goods to their destinations. Other AID dollars went to pay American colleges, businesses, consulting firms, and nonprofit associations who hold \$450 million worth of AID contracts for technical assistance overseas. Still more AID dollars went to pay American engineering and construction firms to design and to build about \$4 billion worth of capital projects the United States is helping construct in the poorer countries—irrigation works, power dams, fertilizer factories; the kinds of things that will give these countries a chance to expand their own output.

Because it is tied to U.S. procurement, the AID program is a kind of "welcome wagon" for American products, introducing them into areas that have tradi-

tionally traded with somebody else. At the same time, by helping other countries develop and expand their economies, the AID program helps to create more paying customers for American exports.

We have everything to gain from continuing our aid program.

The program has been and remains today a major weapon in building up the military and economic strength of the free world. It has been a major weapon in the free world's war against the most immediate enemies of its underdeveloped partners—poverty, ignorance, disease, and hunger. AID has been and is a major weapon in promoting exports, opening new markets for the future, and enabling us—with the cooperation of our allies—to save these countries from the Communist bloc.

These are good reasons for supporting the foreign aid program, but they are also selfish reasons. We happen to be the richest and most powerful nation on earth. We are the leader of the free world. We say we believe that freedom holds the same promise for others as it has produced for us. If we really believe that, we cannot stand aside while so much of the rest of the world continues to live in poverty and ignorance and disease and refuse to help. That is not the American way. The aid program is the tangible expression of our American conscience, of our American principles, of our American ideals, and of America's hopes for a better world for all mankind.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield myself 15 minutes.

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Florida.

(Mr. HALEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HALEY. Mr. Chairman, I am fully aware that my statement on this floor today in opposition to this proposal to continue our open checkbook foreign policy will turn out to be no more than a futile gesture. Nevertheless, my conscience would not rest easy, nor would my duty to my constituents and to my own oath of office be fulfilled if I failed to again record my sincere convictions that this so-called foreign aid program is an unconstitutional, unwarranted, and uselessly wasteful expenditure of billions of dollars of public funds.

It occurs to me, as I again stand here, that perhaps never before in our history has a Federal program so unpopular with the people, so vulnerable to reasonable and reasoning attacks, been allowed by the Congress—the chosen representatives of the people—to remain so long on the books.

But the voice of the people is, at long last, beginning to be heard; to be heard effectively and in volume. And I am thus persuaded that—while not this year—the end of this share-our-wealth program is in sight. I am devoutly thankful that this is so. I only wish that the phasing out of the foreign aid pro-

gram could begin this year in dead earnest, and with a fixed terminal date.

Indeed, I do believe that this year would have been the beginning of the end had it not been for the addition of the problem of the Dominican Republic to our already heavy burden of problems, including, of course, the increasing seriousness of the situation in Vietnam and elsewhere in the Far East.

The Dominican and Vietnamese situations, unfortunately, lend some semblance of credibility to the emotional appeals of the propagandists for this foreign aid bill, that it must pass, that we must continue to try to buy friends. Certainly, it is true that neither the situation in the Far East, nor that in the Caribbean was deliberately created to engineer support for continuation of this program. But the cold fact is that the program's all-out, diehard supporters have grasped the opportunity presented them, and are diligently using both these situations in an effort to swing into line support for this program—and opposition to making any meaningful restrictive changes in it.

I must admit, Mr. Chairman, that I am somewhat puzzled by the fact that we are being urged by the administration to enact this bill to feed some \$3 billion more of our taxpayers' money into some 82 nations overseas. It seems to be more than passing strange that when one of our most pressing economic problems—in the judgment of this same administration—is the outflow of our gold reserves and a balance-of-payments situation increasingly adverse to us.

The administration, on the other hand, is asking American enterprise to assume the responsibility for easing the gold crisis, and we in the Congress are being asked to reduce the amount of duty-free goods which American travelers abroad may bring into this country. And at the same time, on the other hand, we are being asked to authorize this new and lavish outpouring of our funds into the economy of other nations, while our own economy falters.

This, if I may say so bluntly, not only makes no sense to me, but is economic nonsense. The voluntary and mandatory remedies proposed by the administration's theorists are, if they work at all, no more than short-term palliatives capable of making little material contribution to solving the gold crisis problem.

There is, of course, a way in which this Congress could make a material contribution—a contribution with hefty and significant impact—to the solution of the problem. We can do this by putting our own fiscal house in order in foreign countries. And this bill which we are considering here today offers the opportunity to take the first long and valuable step in that direction. If we defeated this authorization bill here today—or even if we should drastically reduce the total contained in it—we would go a long, long way toward curing the adverse balance-of-payments situation. And we would have done more—we would have taken a big step toward the goal of a balanced budget, a goal about which almost everybody talks, but about which

few do more than that. And, finally, we could all go home after voting the bill down and look ourselves in the mirror, secure in our knowledge that we had, for once, done exactly what most of the people who elected us to represent them—to legislate their wills—wanted us to do. We would have proved ourselves to be responsible lawmakers—responsible to our constituents, responsible to our oaths of office, responsible to the Constitution, and responsible to the national welfare. We might even find ourselves in a position to say, with truth, that we had earned, although somewhat belatedly, that fat pay raise we voted ourselves last year in order that we might better measure up to our responsibilities in representing the people of our country—people who, as all of us in this Chamber know, are overwhelmingly opposed to the continuation of this untrammelled waste of their hard-earned money.

Mr. FRELINGHUYSEN. Mr. Chairman, I should like to begin as have many others on the committee, by adding my words of praise to the leadership which the chairman of our committee, the gentleman from Pennsylvania, Dr. MORGAN, has provided us. He has always been a fairminded man. He is a very conscientious individual and a level-headed one; and I am sure all of us have benefited very much from his guidance.

Mr. Chairman, as a result of the debate today perhaps nothing has been changed with respect to the way in which Members of the House are going to vote. An earlier speaker suggested that attendance on the House floor today reflected a general lack of interest or lack of open-mindedness on foreign aid. I doubt very much that this is the case. Perhaps none of us has said anything very new. No one has suggested that the foreign aid program is perfect, nor have I heard anyone suggest that none of it is wise. For that reason many votes will not be changed.

But I am quite sure that Members generally are aware of its importance. The meetings that were held with various individuals in the administration of the foreign aid program to which the gentleman from New Jersey [Mr. GALLAGHER] referred showed that there was a very high level of interest on the part of the Members of the Congress. I am sure that this is the case. Certainly those of us who favor this bill—and I wish to include myself in that group—are convinced of the importance of the program, indeed of its essentially in the world in which we live. It may be an imperfect instrument to protect our basic national interests, but it remains an important one.

Mr. Chairman, most of us know, I am sure, that this is no gift package. This is no giveaway program. Most of us know that we plan to spend about as much next year as we are spending this year because we are deeply concerned about the welfare of other countries.

Most of us recognize, Mr. Chairman, the very real and continuing threat of communism. Most of us recognize that the aid program is as big as it is because of our commitments to places like Korea, to the Republic of China, to India,

Pakistan, Turkey, and most of all, because of our stake in Vietnam. Most of us realize I am sure, Mr. Chairman, that the United States through its aid program seeks to help build stable governments and to build up the economies of young countries.

Foreign aid today, Mr. Chairman, in my opinion is far more important than it was in the immediate postwar years. The fact that the job is more difficult is no reason for us to become tired of it, to throw up our hands, and to say we are no longer willing to support it.

In any event, Mr. Chairman, these are some of the basic reasons why I am sure this bill will receive strong support. After a careful review of all the pros and cons and after much detailed discussion, the Committee on Foreign Affairs approved this bill by a margin of 26 to 5. It deserves, and I am confident it will receive, comparable support in this body.

Mr. Chairman, mention was made earlier today of the need to reconsider the whole concept of foreign aid, of salvaging and strengthening those aspects which are good, and dropping those aspects which are bad. It is on this whole question of the advisability of a major recasting of foreign aid that I should like to speak briefly.

In certain circles recently, Mr. Chairman, it has been suggested that the aid program as currently constituted should be continued for only 2 more years, pending the report of a special study group. This study group is to be called the Foreign Affairs Planning Group, which would consider the basic premises behind the foreign aid program. The proposed planning group would undertake a profound scrutiny of this program and, presumably, would suggest a completely new approach to foreign assistance.

Mr. Chairman, I strongly oppose such a course of action. In the first place on the basis of experience I doubt very much whether at this point we are likely to develop any constructive alternative to what we presently have. A 2-year limitation on foreign assistance in its current form, as has been proposed, would raise strong doubts among our friends and allies as to our basic commitment to continue foreign assistance. Discontinuance of foreign assistance seems a highly unlikely prospect, because our commitments in places such as Korea, Taiwan, and Vietnam are simply not going to disappear. There is a crucial situation in southeast Asia, and no matter what the developments there, no early solution seems likely. Also, many countries, in Latin America and elsewhere, have embarked upon important new reforms and programs in the expectation of continued American aid. That more governments are not stable is a basic reason to provide aid for such countries, and certainly no argument to cut it off.

It would, therefore, in my opinion, be particularly untimely at the present to attempt another major revision of the program. Moreover, a new study group would be disruptive to the proper functioning of the agencies which currently administer American assistance pro-

grams. Foreign aid, since it began in the postwar period, has had at least 11 major studies along with 2 yearly examinations by each House of the Congress. There are currently two studies underway. Substantial sums have already been expended in staff time in the legislative and executive branches in making these studies and in assisting investigators. The most recent report, the Clay report, was released in March 1963. Although some aspects of the Clay report are unclear in their recommendations, the report in general has resulted in many important changes in the foreign aid program. Proposals made in the Clay report, as well as recommendations from previous reports, are still being implemented. Only now are results beginning to show.

For example, and in accordance with the recommendations of the Clay report, almost three-quarters of the funds requested for development loans are scheduled to go to only seven countries. Almost 90 percent of the supporting assistance is expected to go to only four countries, all situated in critical areas of the world. Over 70 percent of the military assistance is going to 11 countries. Additionally, there are 26 countries which have received economic assistance in the postwar period when such assistance has been terminated, and where none is planned for the coming fiscal year. As a result of past reviews and particularly because of continuing congressional surveillance, the Agency for International Development is now far better administered than in the past. David Bell has held his critically important job for a longer time than any Administrator of the Agency, nearly 30 months. He has built up experience which is highly useful and important for future efficient administration of the Agency.

The major conclusion of all the past studies has been to show that there is no magic formula which can assure us that our foreign assistance will be efficiently used in furthering our foreign policy objectives. Rather, these reviews have merely emphasized again and again that the administration of foreign aid is a highly complex matter. Reshuffling the personnel responsible for these programs and reorganizing the administering agencies will not make the problem easier, but far more difficult. It is in part a reflection on Congress that this program, after all these years, is still subject to as much criticism as it is. In my opinion, we should not at this point attempt another major survey as to how we might improve the program.

I might say also that the current request for foreign aid is a reasonably tight one. The fact that we were able to cut the administration request by only \$12 million in committee is a clear indication of that. The \$2,004,195,000 in the new authorizations together with funds previously authorized provide the authority for a combined foreign assistance program of \$3,367,670,000 for the forthcoming fiscal year. Two-thirds of the total program will be used for economic assistance, primarily for capital and technical assistance for long-term economic

growth. This assistance is largely to be made available for long-term loans, repayable in dollars. One-third of the program is for military assistance and sales. It is particularly noteworthy that certain proposed changes in the program will sharply increase the participation of American private enterprise in stimulating economic development. The bill as recommended by the Foreign Affairs Committee would double the specific risk guarantees to \$5 billion, and sharply increase the guarantees available to American firms participating in housing projects abroad. American firms would be particularly assisted in promoting housing projects in Latin America, where guarantees could be granted for \$200 million additional dollars permitting a total of \$450 million. No new money need be authorized for these programs.

Changes made in the administration of the aid program in recent years insure that nearly 90 percent of the assistance dollar is spent in the United States, for the purchase of American goods and services. Several hundred thousand American jobs have been created by the foreign assistance program. Industries producing agricultural and industrial machinery, iron and steel manufactures, chemicals, and motor vehicles have particularly benefited.

I would like to make one final point, if I may. In the discussion with the gentleman from Indiana [Mr. ADAIR], I expressed concern about the so-called standby authorization on page 8 of the report to be placed in the contingency fund. This would provide authority for the President to use such sums in southeast Asia as may be necessary in the next fiscal year if he determines such use important to the national interest. I might point out there is no ceiling on the amount that the President might request of the Appropriations Committee under this authorization. There is no indication of an unexpected emergency that could not be met out of existing funds. I think, myself, it would be highly unwise for us to give this kind of a blank check authorization.

What we might do is to provide more funds in the contingency fund than are here requested. We authorized last year \$150 million in contingency funds to be used in southeast Asia, the Dominican Republic, or wherever the need might be. The current request is for only \$50 million. The point was made that the amount in the contingency fund was reduced because of the special, separate authorization for South Vietnam. The sums which we have made available for the increase in our own forces in southeast Asia are an indication that we are wary about any increase made without taking a good look as to what we might spend beyond what is projected in this bill.

We have had some reference in today's debate to the speech the President had made about regional development of the Mekong Delta. I do not know how much the United States should put into such a program if there could be some cessation of hostilities in that area. But I am quite sure such an authorization should be made only after the authorizing commit-

tee and the appropriations committee have reviewed the executive branch's proposals. We have demonstrated, as the gentleman from Indiana pointed out, the ability of the Congress to act if the need should arise.

In view of the fact that we have never given the Executive such authority in the past, and in view of the fact there is no current justification of the necessity for utilizing such a fund in the future, I think we should be wary of granting such a blank check.

I do trust that we recognize the foreign aid program as a whole as reported in the bill we have before us makes sense, and that the use of the funds have been carefully scrutinized. That should not prevent us from looking with some care at the individual changes in the law that we have suggested.

Mr. Chairman, in closing I would urge again we vote in a very substantial way in favor of this bill. I think it is important to us, to our allies, and to our own security.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I am moved to remark that on the Committee on Foreign Affairs we are thrice blessed. We are blessed with a chairman who is terrific. He is the personification of courtesy and a paragon of patience. He is a giant in ability. We are indeed blessed in having the distinguished gentleman from Pennsylvania, Dr. MORGAN, as our chairman.

Mr. Chairman, we are blessed too by having on the committee what everyday impresses us more as the finest expression of American womanhood, Mrs. BOLTON on the Republican side and Mrs. KELLY on the Democratic side.

Mr. Chairman, we are blessed yet again by having as our colleague the statesman from New Jersey, the able and scholarly gentleman who preceded me, Mr. FRELINGHUYSEN, for whose ability and dedication we have admiration, and for whose warm personal traits affection.

Yes, it means so much to our committee that we work together as a team and in most matters on a nonpartisan basis. Most of us voted for this bill. Four or five or six members may have voted against it, but in a sort of quiet and non-disagreeable way, as those things perhaps that concerned them were more good than bad in the measure.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I am happy to yield to our beloved Speaker of the House of Representatives, the gentleman from Massachusetts.

Mr. McCORMACK. Might I say, too, that we are all blessed in having not only as a member of this committee but as a Member of the House of Representatives the great gentleman from Illinois—the youngest thinking Member of the House of Representatives [Mr. O'HARA].

Mr. O'HARA of Illinois. I thank the distinguished Speaker, from the bottom of my heart and in acknowledgement of his too kind remarks may I say—yes, I

am getting along a little bit in years but the older I get, the happier I am that my country—our country—has never been afraid of the tomorrows. With faith and courage in meeting unafraid the problems that may be ahead we have made each tomorrow a glorified today.

When I was a boy, the population of the entire State of California was a bit more than 1 million people, about the population at that time of the city of Philadelphia. When I contemplate the growth of California in the span of my lifetime, and think of the impact of that tremendous growth on the economy of my State of Illinois and of every part of the United States, I can have no fear of the future or doubt of the wisdom of our foreign aid program. On a worldwide basis I look ahead to the countries and the continents of Africa and Asia and South America—I look in the future to the developing nations of the world, and know that when some of my younger colleagues have reached my present age some of these new countries of today will be to the world of the tomorrow what California is to the United States of today. Our economy will benefit with the economy of the new nations. There are no one-way streets in the modern world.

I could worry about automation if I did not think more of what I see approaching in Africa, Asia, Latin America—new nations rising—nations that will have great buying power and will supply great markets for our industries—all because of the investments of today from the hearts and the means of our country to foreign aid.

Yes, Mr. Chairman, this is a very happy day for me to join my colleagues in the House of Representatives in acclaiming the legislation we have before us.

We are gaining. Make no mistake on that. We are gaining every day and in every way in reaching the objective of this program.

As the gentleman from New Jersey [Mr. GALLAGHER] said so well and so eloquently, in the past 10 years the agricultural products of the free world have increased by 20 or 25 percent.

Mind you, one of the great enemies we face is poverty. Today the free world, and as a result of this program, is producing much more food to feed the hungry. That is progress in the right direction.

In the past 10 years the number of children going to school in the free world has increased 50 percent. Thus we are striking at another enemy of mankind: ignorance. All that because of the foreign aid program. And that is progress in the right direction.

The lifespan of people in Latin America, in Asia, in Africa, in all the underprivileged portions of the free world, has lengthened tremendously in the past 10 years. All because of the foreign aid program, certainly, in large measure; and that is progress in the right direction.

So I see ahead the glorious harvest of blessings from this program of foreign aid. It is destroying poverty. It is destroying ignorance. It is destroying disease.

After those three enemies of humanity have been destroyed, we shall have

reached the millenium, and all mankind will live together in peace and happiness, in plenty and in dignified worthwhileness.

Mr. Chairman, I add only the words inscribed in this Chamber and in all our minds and hearts: "In God We Trust."

Mr. FRELINGHUYSEN. Mr. Chairman, I have no further requests for time. I yield back the remainder of my time.

Mr. MORGAN. Mr. Chairman, I have no further requests for time. I yield back my remaining time.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

H.R. 7750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1965".

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. LANDRUM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

COMMITTEE ON ARMED SERVICES

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight tonight to file a conference report on the military procurement authorization bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

WEST GERMANS CURB SHIPPING TO NORTH VIETNAM

(Mr. ROGERS of Florida asked and was given permission to address the House for 1 minute; to revise and extend his remarks and to include extraneous matter.)

Mr. ROGERS of Florida. Mr. Speaker, I have received assurances that West German ships will not call in North Vietnam again.

The latest list of free world ships calling in North Vietnam which I published on page 7510 of the CONGRESSIONAL RECORD of April 12 contains the names of 153 vessels and companies engaging in this trade. The list should be amended accordingly.

The West German ships concerned are as follows:

Ostensible owner:	Vessel
Stinnes Hugo Transocean	
Schiffahrt.....	Hugo Stinnes.
Reederei Rickmers	
(Bremen).....	Paul Rickmers.
Scipio & Co.....	Brake.

The owners of the *Brake* have sold that vessel to Nationalist China. The owners of the *Hugo Stinnes* and the *Paul Rickmers* have assured the West German Government that they will cooperate

Treasury agreed to a more independent policy by the money managers.

INFLATIONARY PRESSURES NEED TO BE NEUTRALIZED

It is not necessary to turn debt management into an anti-inflationary weapon. But the national debt should be managed so as to neutralize the inflationary pressures that can arise from debt. This can be done by financing Government deficits from the savings of the public rather than by adding to the money supply by sales to the banking system. This would require interest rates high enough to attract investors, but it would be a small price to pay to avoid the inflation that can arise from other methods of financing.

Admittedly, the link between increases in public debt and increases in the general price level are not always clear and simple. However, unless deficits are financed in a manner appropriate to existing economic circumstances, it is easy to flood the economic mechanism and add to the inflationary forces in the economy. Interestingly, a large part of the decline in the ratio of national debt to gross national product which has taken place since the war has occurred because of inflation, which is a windfall to the Government but damaging to those who in good faith purchased the securities in the first place.

It would be particularly desirable for the Treasury to increase its sales of nonmarketable issues during an economic boom. By making nonmarketable issues sufficiently attractive to divert funds from consumer spending, the Treasury could reduce consumer expenditures and thus counter inflationary tendencies. At the same time, it would reduce Treasury demands on the capital markets and leave more funds available for growth creating private investment.

BALANCE IS REQUIRED IN SHORT- AND LONG-TERM DEBT

Although the emphasis here has been on the desirability of lengthening the debt, there is a need for a wide variety of maturities distributed among many holders in order for monetary policy to operate effectively through all segments of the capital market. An inadequate supply of short-term debt, for example, could restrict bank lending and private spending by creating a shortage of liquid assets. An important function of the Federal debt is as a link between the various parts of the capital markets. When Federal securities are widely held by all classes of investors and in all parts of the country, the impact on monetary policy is more certain in the different parts of the financial market.

Another important area of economic policy of concern to the debt manager is the U.S. balance of payments. With the adoption of currency convertibility by the major European powers in the late 1950's the free flow of capital between countries increased sharply. The linking of capital markets here and abroad has resulted in a tendency for funds to flow to those markets that offer the best rate of return. Because of our chronic balance-of-payments deficit this has meant that monetary policy and debt management have been called upon to play an important role in keeping our short-term interest rate structure competitive with those abroad.

The need to hold interest-sensitive short-term money in the United States for balance-of-payments reasons posed a dilemma for debt management. Treasury financing at short-term, which would keep short-term rates up to competitive levels, might conflict with the Federal Reserve's efforts to check the growth of liquidity and prevent inflation that could result from the administration's highly stimulative fiscal policies. Skillful debt management and cooperation between the Treasury and the Federal Reserve has thus far resulted in a measure of success in

meeting both these objectives simultaneously.

The importance of debt management for economic policy is clear. Certainly, more study on the economic impact of managing the Federal debt is required. We need to know the limits to which debt can be employed by the Government as an economic tool and what guidelines should be employed in its use within these limits. We also need research on how high the public debt can go before we run into trouble. We should ask ourselves how much a margin of safety we need to accommodate the massive financing that would be required during a period of war or recession. Not until this much-neglected area of economic policy is subjected to more research and receives more attention by policymakers can we feel confident that the public debt is not acting as an impediment to a stable and growing economy.

THE FALLACY AND MISUSE OF LABELS—PUBLISHER LOEB'S OPPOSITION TO 14(b) ILLUSTRATES THE POINT

(Mr. CLEVELAND (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CLEVELAND. Mr. Speaker, nearly everyone in public life has had reason at one time or another to complain of misapplied political labels and slogans. Frequently, public figures are tagged and legislation is identified with misleading and erroneous labels. The fallacy of careless labeling becomes dramatically apparent every time the person so labeled takes a position at great variance from the tag with which he has been pinned. Such an example occurred the other day in New Hampshire when Mr. William Loeb, publisher of the Manchester Union-Leader and other newspapers, printed an editorial in which he advocated the repeal of section 14(b) of the Taft-Hartley Act. To those who judge others solely on the basis of labels, Mr. Loeb's position is very startling, for he has been labeled widely as a conservative and identified with those who would be expected to oppose repeal of 14(b).

The editorial is proof of the fallacy of judging by labels. As our lives become more complex, the temptation to simplify through labels grows stronger but the perils of doing so are likewise compounded. As the issues become broader, more various and more complicated, both in their causes and in their effects, it becomes more important than ever to avoid reaching decisions on the basis of labels. Legislation by label is becoming commonplace but it is to be deplored because it reduces public understanding of the true issues involved.

I offer Mr. Loeb's editorial for the RECORD, not necessarily because I endorse his views on the specific issue of section 14(b) but because it perfectly illustrates my point concerning the fallacy of labels:

RIGHT-TO-WORK LAW IS BOGYMAN TO CONSERVATIVES

One of the real millstones around the necks of conservatives is the devotion of many of them to right-to-work laws. While perhaps magnificent in theory, actually these laws are of little consequence and yet, because of their association with the right-to-work

laws, conservatives have lost millions of labor votes.

Here in New Hampshire it is very easy to prove this statement. In 1947, a right-to-work law went into effect and was in existence in New Hampshire from 1947 to 1949, when it was repealed by the legislature.

As an employer having contracts with six different unions, this writer can honestly say that he couldn't see any difference in either the status of the unions or in his status during that entire period. It was a little more complicated doing business, but otherwise, it was just the same as usual.

The position of this newspaper is that, since right-to-work laws make so little difference, why have a bitter hassle over whether or not such a law should be repealed? This newspaper, therefore, would be in favor of President Johnson's recent message, suggesting that the Taft-Hartley Act be amended so as to do away with the right of individual States to pass right-to-work laws.

At the same time, we would suggest to our labor friends that the enormous benefits which some of them think are going to come from right-to-work laws will not actually come about.

In short, the existence of right-to-work laws is not the bulwark for freedom that many conservatives think it is. On the other hand doing away with them will not be the boon to organizing drives that labor thinks it will be.

In other words, it is much ado about nothing. It is one of those phony issues which divides the folks who should be friends.

This newspaper, as you know, calls the shots as it sees them. Some of our liberal friends think we are dreadfully reactionary because we won't go along with every bleeding heart proposal, especially when we think a proposal will end up by costing the taxpayers, and the people who are supposed to benefit, more than it is worth.

Our conservative friends berate us because we insist on sharing our profits with our employees and because our primary interests are those measures, both by government and by private industry, which will benefit the average citizen and not just a few. Because of this attitude, many of our conservative friends regard us as radical.

Take your choice. We refuse to fall into any fixed mold. We try to keep our thinking from having hardening of the categories which would prevent us from serving the best interests of our readers.

INTERNATIONAL COFFEE AGREEMENT—A DECISION THAT MAY COME BACK TO HAUNT US

(Mr. CLEVELAND (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CLEVELAND. Mr. Speaker, my vote against the International Coffee Agreement looks better and better, although I was convinced of its correctness at the time—see page 9905 of the RECORD of May 12. The May 17 issue of Barron's neatly put its fingers on the major flaw of this program. This program is going to become increasingly difficult to justify to the American people. This agreement is likely to come back to haunt us.

I offer Barron's observations for the RECORD:

The International Coffee Agreement finally passed Congress last week, when a majority approved legislation authorizing the Cus-

toms Service to limit imports from countries which are not members of ICA or which violate its provisions on export quotas. The Congressmen added some weak provisions nominally designed to protect the American consumer. They are likely to be ineffective, since the administration's bias in favor of ICA is well established. However, the agreement is in more danger from its producing members than from the United States or other consumer countries. The more Brazil and Colombia throw their weight around in the councils of ICA, the less will low-cost growers in Africa and Central America be willing to restrict their output and exports in favor of the big two.

FOREIGN AID ASSISTANCE ACT

(Mr. SKUBITZ (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, for over 20 years, I have been a part of the Washington "Merry-Go-Round"—first as an administrative assistant to two Senators and now as a Member of this body. I have heard all the arguments advanced that could possibly be advanced by the proponents of foreign aid—Get Europe back on its feet so we could resume trade, fight communism, that it is a moral duty to help the underdeveloped nations, and dozens of less importance. But I think the time has come when the whole program should be reappraised and the amount drastically reduced. Our resources are not inexhaustible, and unless we begin protecting our own interests, we may find ourselves with no interests to protect.

There is no question in my mind that in our national interest, certain phases of the program should be continued. But, I fear we have gone completely overboard in our effort to be Santa Claus to the rest of the world.

We are already \$316 billion in debt, and the interest alone on the debt is around 12 cents of every tax dollar we collect. Our national debt exceeds that of the rest of the world. Already, we have poured \$100 billion into the foreign aid programs. We worry about the drain on our gold supply, yet we do nothing about foreign aid which is one of the direct contributors to this problem.

Today we are being asked to authorize over \$2 billion, but when we consider the authorizations that are now on the books, the total exceeds \$3.3 billion. But this is not all of the package. When other appropriation requests are added—Peace Corps \$115 million, food for peace \$1.6 billion, funds for the Inter-American Development Bank, and the International Development Association—the grand total amounts to \$6 billion. When we add this to the \$9.6 billion unexpended balance that is still available, is it not about time that we took time to stop, look, and reappraise?

I recognize that the executive department is clothed with the responsibility of developing foreign policy. But foreign aid and foreign policy are two different matters. Foreign aid may be an incident to our foreign policy, but the control over expenditures is still the responsibility of Congress, and we cannot

avoid it. We still have a duty to the American taxpayer, and I for one intend to face up to that duty.

I hope this body will recommit this bill and that the Foreign Affairs Committee will come up with a realistic program that all of us in good conscience can support.

(Mr. SKUBITZ (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. SKUBITZ' remarks will appear hereafter in the Appendix.]

(Mr. MOORE (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. MOORE'S remarks will appear hereafter in the Appendix.]

(Mr. SCHWEIKER (at the request of Mr. QUILLEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. SCHWEIKER'S remarks will appear hereafter in the Appendix.]

NEW YORK CITY IN CRISIS—PART LXXIV

(Mr. MULTER (at the request of Mr. BINGHAM) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues the following article concerning a war on poverty rehabilitation plan in New York.

The article is part of a series on "New York City in Crisis" and appeared in the New York Herald Tribune on March 31, 1965.

The article follows:

NEW YORK CITY IN CRISIS—THE 114TH STREET
REHABILITATION PLAN: JOY, APATHY
(By Claude Lewis)

When the Director of the Office of Economic Opportunity, Sargent Shriver, announced that the Federal Government's plan to rehabilitate West 114th Street in Harlem a month ago, almost everyone concerned was optimistic.

"That's exactly what Harlem needs," said Mrs. Arthur Jenkins, a Harlem resident for more than 36 years.

"Maybe they'll get to our block next," said Frederick Mills, who lives on West 115th Street.

"If it works," said City Rent Administrator Hortense W. Gabel, "it will be a major breakthrough."

Curtis McFarley, president and cofounder of the 114th Street Block Association, was ecstatic. "It was great news. Many of us have lived in these apartments for a very long time," he said. "It's about time something was done to uplift our block and our community."

But after the initial excitement died, calm realism set in and many of the 114th Street residents began to have serious doubts about the rehabilitation program.

The program, which is supposed to begin tomorrow, is to completely renovate the 37 structurally sound but dilapidated buildings on 114th Street between 7th and 8th Avenues.

Workmen will transform the street's long-neglected railroad flats into modern living quarters. Grass will be grown in the ugly, garbage-strewn backyards, and the basements where winos and other derelicts spend their days and nights will become health clinics, kindergartens, and job training centers for the poor.

NO SLUM SHIFTING

The street will become a play area, blocking out traffic. The most unusual aspect of the plan is that the longtime residents of the area will not, for once, be moved to another slum. Instead, each family will be moved into one of the three buildings (Nos. 273, 275 and 277), which are now empty.

When work on these buildings is completed, families from other structures will be moved into them. The newly vacated buildings will then be renovated and the old tenants will be moved back. Many will return to their original apartments.

This process will continue until every one of the five-story walkups becomes a Harlem showplace.

The Office of Economic Opportunity will get the project moving with a \$390,000 grant. Two private foundations, the Carol Haus-samen Foundation and the Frank W. Richmond Foundation, have pooled resources to acquire ownership of the tenements at an average cost of \$21,500.

Some of the tenants on the street who now pay as little as \$39 monthly for four rooms will have to pay up to \$85 for the renovated apartments.

Mrs. Christine Grant, an attractive mother of two young sons, lives in No. 226 on 114th Street. "The increase will be worth every penny," she said. "Since they announced this new program, I don't have such a heavy depressed feeling anymore. I feel like I can hold my head up now. It will be wonderful to live in a place that's not a slum. I think this project is just like a rose. It should bloom all over."

For some of Mrs. Grant's neighbors, the rose has already begun to wilt. Mrs. C. Beazer, who has lived in apartment 4-E at 224 West 114th Street for the past 32 years, remembers when it was a wonderful neighborhood.

"You can't change a neighborhood simply by giving people a new apartment," she said. "Sure, the plan is wonderful, but it doesn't go far enough. You got to rehabilitate the people, too. You got to teach them not to throw garbage out the windows, and to teach their kids not to mark up the halls."

"I got a question," Mrs. Beazer said last week. "What is the government gonna do about all the drug addicts on our block? What they gonna do about the crime and the corruption on our block? Drug addicts are sick people, and they shouldn't be allowed to live around healthy people without treatment. Sometimes you can't move on our sidewalks because there's so many of those addicts around here. If they don't do something about this problem, this place will remain a slum."

Just then a nattily-dressed man sauntered by, his right hand forming a zero with his thumb and middle finger. He was carrying the news throughout the street that the second figure in the day's number was a zero.

Mrs. V. Ellis, who has lived at 226 West 114th Street for almost 10 years, agrees that renovating houses will not solve all the ills of Harlem. "This block has everything in it," she said, "Prostitution, numbers, and narcotics. It's a bad block for children. Sure, we need better housing, but we need better police protection, too."

of Columbia Department of General Administration, have scrutinized and weighed budget estimates along with projected total revenue. After the President submits the budget to Congress, the Commissioners and their staff appear before the District of Columbia subcommittees of the House and Senate Appropriations Committees to justify the budget.

DOES CONGRESS "FOOT THE BILL" FOR WASHINGTON?

Since Congress plays such a central and crucial role in these budgetary procedures, many persons erroneously believe that Congress foots the bill for the city of Washington. The fact is that nearly 90 percent of the District's general fund expenditures comes from money raised by local taxes. The General Fund finances the city's basic services (schools, libraries, police and fire protection, courts, corrections, welfare, sanitation, recreation, and the construction of public buildings for any of these purposes). However, Washingtonians have no official voice either in the levying of these taxes or in deciding how these revenues should be spent.

A part of the District's operating and maintenance budget is financed by Federal money. The Federal payment is compensation to the city for the fact that the Federal Government and tax-exempt institutions, such as embassies and national headquarters for many organizations, occupy more than 50 percent of the city's land but pay no taxes to the city. During the last decade, the Federal payment has been small, hovering around 12 percent. From 1879 through 1920, 50 percent of the general fund appropriation was paid by Congress and 50 percent from District taxes. Since 1921, however, the Federal payment has fluctuated from a high of 39.5 percent in 1924 to a low of 8.5 percent in 1954.

WILL HOME RULE MEAN LOSS OF FEDERAL PAYMENT AND INCREASE IN LOCAL TAXES

There is concern in some quarters that if Congress were to transfer revenue and budget functions to a locally elected council it would be disinclined to appropriate reasonable annual Federal payments to the District and the tax burden on Washington's residents and businesses would necessarily increase. Supporters of self-government argue that the Federal Government's financial obligations to the District derives not from Congress' legislative responsibility for the District but rather from the role which the city plays as Capital of the Nation. Compounded with the fact that more than 50 percent of the city's land is tax-exempt is the fact that the city incurs extra expenses and its ordinary city functions cost more because it is the Federal City: it must pave wider streets, plant and care for more trees, help to keep more parks than most cities; plan for and clean up after parades for visiting dignitaries and on special occasions; it has thousands of tourists every year; it even finances the operation of the National Zoo.

As for the often used argument that taxes will go up in the wake of self-government, it is noted that taxes have increased in Washington in the absence of home rule and that tax increases are common in cities throughout the country. Tax increase is not a problem that is unique to Washington, but taxation without representation is. Some forces are responsive to the "taxation without representation" complaint and propose as a remedy representation in Congress. Full representation in Congress can be granted, however, only by adoption of an amendment to the Constitution which requires action by Congress and ratification by the States. Local self-government, including a provision for a nonvoting delegate to the House of Representatives, can be achieved simply by an act of Congress.

HOME RULE IS CONSTITUTIONAL

Questions have been raised as to the legality of home rule for the District of Columbia. This matter was settled in 1953 when the Supreme Court unanimously upheld the constitutionality of home rule. Its decision in the Thompson Restaurant case confirmed the fact that Congress can properly delegate to a city council or legislative assembly the authority to pass laws for the District.

PROTECTION OF THE FEDERAL INTEREST IN THE DISTRICT OF COLUMBIA

The status of Washington as the Capital of the Nation and the concentration of so many Federal agencies here are factors in the home rule problem. Some opponents of home rule maintain that the Federal interest might be overshadowed by the parochial interests of local residents and their elected representatives. On the contrary, the Federal interest will be protected under any proposed form of home rule because ultimate legislative authority for the District will still rest with the Congress, as set forth in article I, section 8, of the Constitution of the United States.² Congress would still have the authority to initiate legislation for the District if it chose to do so or to veto any locally adopted legislation that threatens the Federal interest. Recent bills have provided that the President have the right to veto any acts of a local government which might be contrary to the Federal interest. Further limitations have been written into home rule proposals to the extent that the local government would have no authority with respect to Federal agencies beyond that which the Commissioners have at present.

HOME RULE COULD MEAN BETTER GOVERNMENT

Would the Federal interest and the interests of good government be served better if Congress relieved itself of the duties pertaining to the formulating of laws for the ninth largest city of the United States? Local needs of a large city require local attention and study to provide effective local government. Most Members of Congress cannot devote themselves to the District and its problems—they simply do not have the time to give Washington the attention it needs because of the volume and complexity of legislation affecting their own districts, States, the Nation, and the world. Since city councilmen would not have these other weighty responsibilities, it could be expected that their time and energies would be devoted to the problems of the city and its residents.

SUPPORT FOR HOME RULE

The Senate of the United States has passed bills to give the District of Columbia home rule five times since 1948. The Truman, Eisenhower, Kennedy, and Johnson administrations have all endorsed home rule for the District, as have the two major national political parties. Although the House District Committee has never given the House of Representatives the opportunity to vote on these bills, repeated surveys of House Members indicate there seems to be sufficient sentiment in favor of home rule to permit the passage of a bill if one were permitted to come before them.

American citizens take for granted their right to vote in local elections. Residents of our Nation's Capital want this right, too. In the 1964 District primary elections, Washing-

tonians had their first opportunity to vote for President and Vice President under the 23d amendment to the Constitution. Both Democratic and Republican ballots contained questions asking voters to indicate whether they wanted local self-government. Democrats voted 64,580 to 4,368 in favor; Republicans 8,094 to 7,733. Overall response in favor of home rule was 6 to 1.

Home rule for the District of Columbia has the support of many national organizations. The League of Women Voters of the United States has supported self-government for the District since 1938. Others include the AFL-CIO, American Association of University Women, American Civil Liberties Union, American Jewish Congress, American Veterans Committee, National Association for the Advancement of Colored People, National Association of College Women, National Catholic Conference for Interracial Justice, National Community Relations Advisory Committee, National Council of Jewish Women, Southern Christian Leadership Conference, Union of American Hebrew Congregations, United Auto Workers of America, and Women's International League for Peace and Freedom.

IS OPPOSITION JUSTIFIED?

The civil rights aspects of home rule were recognized by the inclusion of a demand for full enfranchisement of all citizens in the Nation's Capital in the historic march on Washington for jobs and freedom, August 28, 1963. Negroes are a majority in Washington—53.9 percent according to the 1960 census—and this fact is said to be a significant factor in congressional and other opposition to home rule. Undoubtedly, some of the present opposition has its roots in attitudes that grew out of the Reconstruction Era and the poor fiscal administration by the territorial government.

But present day Washington's electorate is well qualified to choose its own officials. The average number of school years completed by Washington residents aged 25 years and over is 11.7. Only nine States surpass this level of educational attainment. Washingtonians, both white and Negro, have repeatedly demonstrated their civic maturity and pride in the Capital City by their vigorous participation in civic organizations and many, both white and Negro, serve with distinction in responsible positions in the present District government.

The Bureau of the Budget has carefully scrutinized the fiscal provisions in home rule legislation and has endorsed them as sound. There is no reason to believe that home rule would mean financial irresponsibility. Among the fiscal safeguards written into the bills are: limitations on the amount of bonds which may be outstanding at any time; a limitation on the amount of borrowing which may be undertaken without the assent of the voters; and an independent audit of the local government's books by the General Accounting Office.

HOME RULE IN THE 88TH CONGRESS

For the first time in nearly 5 years, the House District of Columbia Committee heard testimony on proposals for home rule in November 1963. A bipartisan statement supporting home rule, signed by more than 50 Congressmen, was filed with the committee and strong testimony favoring the mayor-council bill was presented by the president of the Board of Commissioners, the Attorney General of the United States, the Deputy Director of the U.S. Budget Bureau, and a few of the many representatives of civic groups who were waiting to testify. In spite of the strong statements presented by these witnesses, committee members expressed much interest in a bill which would retrocede most of the District to Maryland,

² Art. I, sec. 8, contains this provision: "The Congress shall have power * * * to exercise exclusive legislation in all cases whatsoever, over such District (not exceeding 10 miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the Government of the United States."

claiming this would provide fullest enfranchisement for Washingtonians. However, the device of retrocession is of questionable constitutionality.

The hearings were recessed abruptly, to be resumed at the call of the chairman. Further hearings were not held. In May 1964 the League of Women Voters of the District of Columbia and the League of Women Voters of the United States, along with the Washington Home Rule Committee and many civic organizations, filed statements in support of home rule and joined in an effort to urge the chairman to close the hearings and report a bill. There was no response.

HOME RULE IN THE 89TH CONGRESS?

In his message of February 2, 1965, President Johnson urged the 89th Congress to enact legislation at "the earliest possible date" granting the right of self-government to the District of Columbia. The following excerpts are from that message:

"Our Federal, State, and local governments rest on the principle of democratic representation—the people elect those who govern them. We cherish the credo declared by our forefathers: no taxation without representation. We know full well that men and women give the most of themselves when they are permitted to attack problems which directly affect them.

"Yet the citizens of the District of Columbia * * * have no vote in the government of their city. They are taxed without representation. They are asked to assume the responsibilities of citizenship while denied one of its basic rights.

"Self-government for the District would not be an innovation. It is a return to the views of the Founding Fathers and to the practice of the early days of the Nation.

"There is a fundamental Federal interest in the National Capital. The Constitution wisely delegates to the Congress supreme legislative power over 'the seat of the Government of the United States.' The Congress can, however, delegate to a municipal legislature all the powers necessary for local self-government, and at the same time preserve fully its ultimate power and the interests of the Federal Government."

Several bills have been introduced in the 89th Congress to provide local self-government for the District of Columbia. On March 9 and 10 the Senate District of Columbia Committee held hearings at which a representative of the President, the District Commissioners, and spokesmen for national and local organizations expressed support. The Senate seems to be moving toward passage, for the sixth time, of a home rule bill.

Action in the House of Representatives depends to a large degree on whether citizens in other parts of the country let their Representatives know how they feel about the local government situation in the Nation's Capital City.

The League of Women Voters supports self-government and representation in Congress for citizens of the District of Columbia.

SUGGESTED READING

"Washington, Village and Capitol, 1800-79" by Constance McLaughlin Green, Princeton University Press. 1962. 445 pp.

"Washington, Capital City, 1879-1950" by Constance McLaughlin Green, Princeton University Press. 1963. 558 pp.

"U.S. Congress, 88th, 1st and 2d sessions. House of Representatives: Hearings before Subcommittee No. 6, Committee on the District of Columbia, November 18, 19, and 20, 1963, and February 24, 1964. U.S. Government Printing Office.

U.S. Congress, 89th, 1st session. Senate: Hearings before the Committee on the District of Columbia, March 9 and 10, 1965. U.S. Government Printing Office.

"Home Rule for the District of Columbia"—Message from the President to Congress, February 2, 1965. House Document No. 71. U.S. Government Printing Office.

"The District of Columbia"—Message from the President to Congress, February 15, 1965. House Document No. 86, U.S. Government Printing Office.

ONE MAN, ONE VOTE

(Mr. O'HARA of Michigan (at the request of Mr. BINGHAM) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. O'HARA of Michigan. Mr. Speaker, the May 5, 1965, edition of the Michigan AFL-CIO News carried an editorial analyzing the current legislative efforts to modify the effect of the Supreme Court's one-man, one-vote decision on apportionment of State legislatures.

In my opinion, the editorial hits the nail squarely on the head in its concluding paragraph which reads as follows:

The Dirksen amendment, shorn of fallacious arguments, is an attack on the principle of majority rule, the foundation of a democratic system of government.

Mr. Speaker, I hope each of our colleagues will take time to read this editorial, which appeared under the headline, "Majority Rule at Stake in Assault on U.S. Court." Under unanimous consent, I include the editorial at this point in the RECORD:

MAJORITY RULE AT STAKE IN ASSAULT ON U.S. COURT

The unrelenting assault on the U.S. Supreme Court's one-man one-vote decisions as they apply to reapportionment of State legislatures is moving toward a climax in Congress. There is a very real possibility that a proposed constitutional amendment to negate the basic principle laid down by the Court may secure the necessary two-thirds support in the House and Senate.

The Court's decision that every citizen's vote must have equal weight in the apportioning of State legislature seats would knock out the "rotten-borough" system in State politics—the practice of creating, in at least one house and usually the State senate, districts in which a steadily decreasing rural and small-town population is heavily overrepresented in relation to rising city and suburban populations.

The amendment drive, led by GOP Senate Leader EVERETT MCKINLEY DIRKSEN, would specifically allow the States to apportion seats in one house along nonpopulation lines subject to a statewide referendum. The proponents of the amendment—and they generally represent the nonurban areas of the United States—advance two basic arguments, both of them specious.

One is that State legislatures are essentially miniature versions of the U.S. Congress, where representation in the Senate is not based on population. The other is that a referendum is a safeguard to assure popular support.

To the first argument the answer is simply that the counties—the basis of most nonpopulation representation in legislatures—were created by the States as administrative units and have no sovereign powers unto themselves. The House and Senate of the United States were created by the then separate and sovereign States.

As to the referendum safeguard, the Court ruled that the one-man one-vote principle rested on the constitutional base of the 14th amendment guaranteeing equal protection of the laws to all citizens. The proposal for a referendum would allow a constitutional right—the equivalent of free press, speech

and assembly—to be voted up or down by statewide referendums.

The Dirksen amendment, shorn of fallacious arguments, is an attack on the principle of majority rule, the foundation of a democratic system of government.

LET US CONTINUE

(Mr. GRABOWSKI (at the request of Mr. BINGHAM) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GRABOWSKI. Mr. Speaker, in the light of 20 years of U.S. effort on behalf of other nations not so fortunate, it may be good for us to be reminded of the old admonishment, "weary not of well-doing." A generation has passed since the inauguration of our vast lend-lease programs by which we "lent a waterhose to quench the fire in our neighbor's house," as President Roosevelt said in 1940. The demands of this aid on our substance, our time and the lives of our citizenry in war and peace has been colossal. Lend-lease cost us \$50 billion. The actual cost of World War II in round figures was \$350 billion. Foreign aid from 1945 through 1965 has cost us another \$115 billion.

No wonder Congressmen get a ceaseless stream of letters asking us if the outgo of dollars will ever end. At this moment my answer is a firm "No." The mantle of Samaritan to the world has fallen on our shoulders and I see no possible avenue of escape from our responsibilities as our brother's keeper or of substantially lessening our load in these days of ever-increasing needs of the underprivileged nations. As more and more new nations emerge into this jet-age world of ours, each with its own insistent demands for recognition and requests for aid, it seems that cumulatively the requirements of foreign assistance will overwhelm us. Luckily others, whom we have helped in the past, are now also beginning to extend some assistance and we are negotiating with them to increase their involvement.

On the other hand, we are also slowly becoming more selective in our choice of recipient nations. From a peak of 110 nations, we are now down to 72 recipients. This total is also being whittled down because there are some, like Cambodia, who do not want our help. Others again are putting us in the position of having to withdraw our aid because of their bellicose attitudes toward us, or by their unjust nationalization of our private investors' property. Still others are misusing our aid to stimulate rebellion elsewhere or to arm certain groups wishing to overthrow responsible governments.

This year I support the authorization of \$3.37 billion for foreign aid. However, I believe that aid should be denied specifically to three countries for the following reasons:

First. To Indonesia—for insults to our flag, for taking over our nationals' property without proper compensation and for undertaking overt aggression against Malaysia;

Second. To Egypt—for fomenting trouble in Yemen, for unjust pressure

on our citizens who wish to trade with Israel and for continuous defiance of our flag and private property;

Third. To Algeria—for using her substance to arm the rebels in the Congo fighting against the responsible government.

These three nations have proved themselves unresponsive to our just motives of helping to better the lives of the underprivileged and to assist in their economic growth. Instead of assisting us in cementing friendship and keeping the peace, these three nations are intent on breaking the peace and thereby creating dissension and revolt. As such they are not worthy of our assistance.

I think that the aid bill should be supported, for, unlike other Government programs, it is slowly becoming more efficient and less costly. In 1948 the Marshall plan aid required 2 percent of our gross national product. It will be down to one-half percent for 1966. In 1948 our aid took almost 12 percent of our Federal budget. For 1966 it will be about 3½ percent.

Mr. Speaker, in the light of our national security objectives, I think these can best be achieved if we give the President the military equipment to help preserve the national integrity of our friends. Our objectives for the economic growth of underdeveloped nations can also be served best if we support the President in the development loans, technical services, and guarantees he wishes to extend to these 72 nations of the free world.

I therefore consider the foreign aid bill now before this Congress essential to the objectives of U.S. foreign policy—to strengthen free institutions and build a more stable world.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WILLIS (at the request of Mr. Boggs), for the remainder of the week on account of official business.

Mr. MATHIAS (at the request of Mr. GERALD R. FORD) for the balance of the week on account of illness.

Mr. HUNGATE (at the request of Mr. HULL) on account of official business.

Mr. SAYLOR for Monday, May 24, 1965, on account of official business.

Mr. REINECKE (at the request of Mr. GERALD R. FORD), for today on account of official business.

Mr. GONZALEZ (at the request of Mr. CASEY), on account of official business.

Mr. LENNON (at the request of Mr. FOUNTAIN), for the rest of the week on account of illness in family.

Mr. BONNER (at the request of Mr. FOUNTAIN), for May 24 through June 12 on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. MICHEL, for 30 minutes, on Tuesday, May 25, 1965; and to revise and extend his remarks.

Mr. QUILLEN, for 30 minutes, on May 26; to revise and extend his remarks and include extraneous matter.

Mr. MORSE (at the request of Mr. QUILLEN), for 30 minutes, on May 26; to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks was granted to:

Mr. EVERETT in two instances and to include extraneous matter.

Mr. HERLONG and to include extraneous matter.

Mr. COLMER in two instances and to include extraneous matter.

Mr. MICHEL and to include an article.

Mr. GROSS and to include extraneous matter.

Mr. PATMAN in two instances and to include extraneous matter.

Mr. FASCELL (at the request of Mr. ZABLOCKI) to revise and extend his remarks made in the Committee of the Whole today and to include charts.

Mr. FASCELL to revise and extend the remarks he made in the Committee of the Whole today and include charts, tables, and extraneous matter.

(The following Members (at the request of Mr. QUILLEN) and to include extraneous matter:)

Mr. DERWINSKI.

Mr. FULTON of Pennsylvania in five instances.

Mr. SHRIVER in two instances.

Mr. UTT in two instances.

Mr. ANDERSON of Illinois in five instances.

Mr. BROOMFIELD in three instances.

Mr. CUNNINGHAM in two instances.

Mr. YOUNGER in two instances.

Mr. ELLSWORTH.

Mr. BROYHILL of Virginia.

Mr. TUPPER.

Mr. SKUBITZ in three instances.

Mr. MOORE in two instances.

(The following Members and to include extraneous matter:)

Mr. CALLAN.

Mr. OTTINGER.

Mr. MULTER in three instances.

Mr. ROGERS of Florida in five instances.

Mr. BROWN of California in two instances.

Mr. CAMERON in three instances.

Mr. FRIEDEL.

Mr. ST. ONGE in three instances.

Mr. GREEN of Pennsylvania.

Mr. DONOHUE.

Mr. MOORHEAD in six instances.

Mr. ANNUNZIO.

Mr. TOLL.

Mr. O'NEAL of Georgia.

Mr. RACE.

Mr. MARSH in two instances.

Mr. MCFALL in two instances.

Mr. LEGGETT.

Mr. PICKLE in two instances.

Mrs. SULLIVAN in two instances.

Mr. BLATNIK.

Mr. EVINS of Tennessee in six instances.

Mr. FASCELL in two instances.

Mr. MURPHY of New York in two instances.

Mr. DYAL in two instances.

ENROLLED JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 436. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 327. An act to provide assistance to the States of California, Oregon, Washington, Nevada, and Idaho for the reconstruction of areas damaged by recent floods and high waters.

ADJOURNMENT

Mr. BINGHAM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 25, 1965, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1128. A communication from the President of the United States, transmitting for consideration an amendment to the request for appropriations transmitted in the budget for the fiscal year 1966 for the legislative branch (H. Doc. No. 179); to the Committee on Appropriations, and ordered to be printed.

1129. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 10, 1965, submitting a report, together with accompanying papers and illustrations, on Bullards Bar, Yuba River Basin, Calif., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 23, 1956 (H. Doc. No. 180); to the Committee on Public Works and ordered to be printed with illustrations.

1130. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated February 12, 1965, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study, and an interim hurricane survey of Staten Island, Fort Wadsworth to Arthur Kill, N.Y., authorized by the River and Harbor Act approved July 3, 1930, as amended and supplemented, and Public Law 71, 84th Congress approved June 15, 1955 (H. Doc. No. 181); to the Committee on Public Works and ordered to be printed with three illustrations.

1131. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated September 30, 1964, submitting a report, together with accompanying papers and illustrations, on an interim report on the Arkansas River and tributaries at Great Bend, Kans., requested by resolutions of the Committee on Flood Control, House of Representatives, adopted July 2, 1943, and January 21, 1964 (H. Doc. No. 182); to the Committee on Public Works and ordered to be printed with two illustrations.

1132. A letter from the Secretary of the Army, transmitting a letter from the Acting

Chief of Engineers, Department of the Army, dated September 24, 1964, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of New Bern and vicinity, North Carolina, authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 183); to the Committee on Public Works and ordered to be printed with illustrations.

1133. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated May 8, 1964, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of Grand Isle and vicinity, Louisiana, authorized by Public Law 71, 84th Congress approved June 15, 1955 (H. Doc. No. 184); to the Committee on Public Works and ordered to be printed with 33 illustrations.

1134. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 5, 1965, submitting a report, together with accompanying papers and illustrations, on a review of the reports on Sandy Lick Creek, Dubois, Pa., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted August 7, 1954, and March 30, 1955 (H. Doc. No. 185); to the Committee on Public Works and ordered to be printed with three illustrations.

1135. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 6, 1965, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of Perth Amboy, N.J., authorized by the River and Harbor Act approved July 3, 1930, as amended and supplemented (H. Doc. No. 186); to the committee on Public Works and ordered to be printed with illustrations.

1136. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 6, 1965, submitting a report, together with accompanying papers and illustrations, on a review of the reports on channel to Newport News, Norfolk Harbor, and Thimble Shoal Channel, Va., requested by a resolution of the Committee on Public Works, House of Representatives, adopted August 15, 1961 (H. Doc. No. 187); to the Committee on Public Works and ordered to be printed with illustrations.

1137. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to amend section 2634 of title 10, United States Code, relating to the transportation of privately owned motor vehicles of members of the Armed Forces on a change of permanent station; to the Committee on Armed Services.

1138. A letter from the Secretary of the Treasury, transmitting a report of the progress made in liquidating the assets of the former Reconstruction Finance Corporation covering the period ending March 31, 1965, pursuant to 67 Stat. 230 and Reorganization Plan No. 1 of 1957; to the Committee on Banking and Currency.

1139. A letter from the Secretary of State, transmitting a draft of proposed legislation to authorize a contribution by the United States to the International Committee of the Red Cross; to the Committee on Foreign Affairs.

1140. A letter from the Director, U.S. Information Agency, transmitting a draft of proposed legislation to provide certain basic authority for the U.S. Information Agency; to the Committee on Foreign Affairs.

1141. A letter from the Comptroller General of the United States, transmitting a report on the excessive payments of temporary lodging allowances to uniformed personnel on the island of Oahu, Hawaii, Department of Defense and Department of the Treasury; to the Committee on Government Operations.

1142. A letter from the Comptroller General of the United States, transmitting a report of failure to adequately consider the financial advantages of purchasing over leasing automatic data processing systems used by the Bureau of Labor Statistics, Department of Labor; to the Committee on Government Operations.

1143. A letter from the Comptroller General of the United States, transmitting a report of improper payment of port charges on shipments to Colombia of food donated under title III of the Agricultural Trade Development and Assistance Act of 1954, Agency for International Development; to the Committee on Government Operations.

1144. A letter from the Secretary of Commerce, transmitting an interim report of the research, progress, and plans of the U.S. Weather Bureau referring to studies carried on during fiscal year 1964, pursuant to Public Law 657, 80th Congress; to the Committee on Interstate and Foreign Commerce.

1145. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to extend the provisions of title XIII of the Federal Aviation Act of 1958, relating to war risk insurance; to the Committee on Interstate and Foreign Commerce.

1146. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend title XIII—war risk insurance, of the Federal Aviation Act of 1958; to the Committee on Interstate and Foreign Commerce.

1147. A letter from the Chairman, Federal Communications Commission, transmitting a draft of proposed legislation to amend section 204 of the Communications Act of 1934 as amended; to the Committee on Interstate and Foreign Commerce.

1148. A letter from the Assistant Secretary of the Air Force, transmitting a draft of proposed legislation for the relief of Chief M. Sgt. Robert J. Becker, U.S. Air Force; to the Committee on the Judiciary.

1149. A letter from the Assistant Secretary of the Air Force, transmitting a draft of proposed legislation for the relief of Col. Eugene F. Tyree, U.S. Air Force (retired); to the Committee on the Judiciary.

1150. A letter from the Secretary of Commerce, transmitting a quarterly report of the Maritime Administration on the activities and transactions of the Administration from January 1, 1965 through March 31, 1965, pursuant to the Merchant Ship Sales Act of 1946; to the Committee on Merchant Marine and Fisheries.

1151. A letter from the Chairman, U.S. Civil Service Commission, transmitting a draft of proposed legislation to provide severance pay to certain officers and employees of the Federal Government and for other purposes; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of May 20, 1965, the following bill was reported on May 21, 1965:

Mr. PATMAN: Committee on Banking and Currency. H.R. 7984. A bill to assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities; without amendment (Rept. No. 365). Referred to the Committee of the Whole House on the State of the Union.

[Submitted May 24, 1965]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLS: Committee on Ways and Means. H.R. 8147. A bill to amend the Tariff Schedules of the United States to reduce until July 1, 1967, the exemption from duty for returning residents to \$50 fair retail value, and for other purposes; without amendment (Rept. No. 366). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILLS:

H.R. 8371. A bill to reduce excise taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. BECKWORTH:

H.R. 8372. A bill to amend the Internal Revenue Code of 1954 to repeal the manufacturers excise tax on home air-conditioning units and television sets (including components therefor and certain combinations); to the Committee on Ways and Means.

By Mr. FARBERSTEIN:

H.R. 8373. A bill to amend title 28, United States Code, to provide amnesty for first offenders under Federal criminal law, and for other purposes; to the Committee on the Judiciary.

By Mr. LANDRUM:

H.R. 8374. A bill to amend section 7701 of the Internal Revenue Code of 1954 to clarify the tax status of certain professional associations and corporations formed under State law; to the Committee on Ways and Means.

By Mr. SIKES:

H.R. 8375. A bill to amend title 38, United States Code, to provide vocational rehabilitation, education and training, and loan guarantee benefits to persons who served in the Armed Forces on or after January 1, 1962, in combat zones, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. SCHNEEBELI:

H.R. 8376. A bill to amend title I of the Tariff Act of 1930 to make permanent the existing duty-free treatment for certain corkboard insulation; to the Committee on Ways and Means.

By Mr. WATTS:

H.R. 8377. A bill to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to consolidate certain provisions assuring the safety and effectiveness of new animal drugs, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BOLAND:

H.R. 8378. A bill to provide certain increase in annuities payable from the civil service retirement and disability fund, to improve the financing of the civil service retirement system, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CRAMER:

H.R. 8379. A bill to provide for participation of the United States in the Inter-American Cultural and Trade Center in Dade County, Fla., and for other purposes; to the Committee on Foreign Affairs.

By Mr. DINGELL:

H.R. 8380. A bill to amend the Federal Firearms Act to prohibit the shipment in interstate commerce or the importation into the United States of certain weapons of war, and for other purposes; to the Committee on Ways and Means.

H.R. 8381. A bill to amend the Federal Firearms Act to make it a Federal crime to transport or receive, with intent of committing a felony, a firearm or other lethal weapon in interstate or foreign commerce; to the Committee on Ways and Means.

H.R. 8382. A bill to amend the Internal Revenue Code of 1954 to provide for a mini-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees Paid
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OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: House passed foreign-aid authorization bill. Rep. Findley asked FTC investigation of cotton-textile prices. House committee reported bill to provide benefits for ASC committee employees. Senate confirmed nomination of Murphy to CAB. Senate passed bill to permit Government to pay for utility relocations in watershed projects. Sen. Young, N. Dak., introduced and discussed wheat bill.

HOUSE

1. FOREIGN AID. Passed, 249-148, with amendments H. R. 7750, the foreign aid authorization bill (pp. 11120-56). Rejected various amendments including the following:
 - By Rep. Cramer, opposing aid to countries that trade with Cuba, by a 58-133 vote (pp. 11130-3).
 - By Rep. Thomson, Wis., to have end-use inspectors report to the Inspector General rather than the mission director (pp. 11134-5).
 - By Rep. Gross, to reduce the authorization by \$1 billion (pp. 11135-6).The committee report states: "H. R. 7750 authorizes the appropriation of \$2,004,195,000 for the foreign assistance programs for fiscal year 1966. This new authorization, together with funds previously authorized, as shown in the table..., provides authority for the appropriation of \$3,367,670,000 for fiscal year 1966. This is a reduction of \$12,700,000 below the amount requested by the President."

The bill includes \$2 million for a contribution to the world food program project. It amends the Agricultural Trade Development and Assistance Act to forbid sales of surplus agricultural products to the United Arab Republic, but authorizes the President to waive this prohibition if he determines that such sale is essential to the U. S. national interest. The amendment provides that no such sales shall be based on the requirements of the United Arab Republic for more than 1 fiscal year.

The Foreign Affairs Committee submitted a report on oversea programs of private nonprofit American organizations (H. Rept. 368). p. 11196

2. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 2452, to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county ASC committees (H. Rept. 375). p. 11197

A subcommittee of the Post Office and Civil Service Committee ordered reported to the full Committee H. R. 242, to extend the apportionment requirement in the Civil Service Act of 1883 to temporary summer employment. p. D445

3. EXPORT CONTROL. The Banking and Currency Committee voted to report (but did not actually report) H. R. 7105 (amended), to continue the Export Control Act (p. D444). The Committee was authorized to report the bill, during adjournment, until midnight May 29 (p. 11157).

4. COTTON-TEXTILE PRICES. Rep. Findley requested an investigation by the Federal Trade Commission of the "trend of cloth prices and textile-mill margins" since the cotton program was enacted. pp. 11173-4

5. FARM LABOR. Rep. Gonzales inserted his correspondence with Secretary Wirtz on the plan for a youth farm labor program during the summer. p. 11189

6. WATER RESEARCH. Both Houses received the President's report on the Federal water resources research program for fiscal year 1966. pp. 11196, 11082

7. RECLAMATION. The Rules Committee reported resolutions for consideration of H. R. 237, relating to construction of the Garrison unit of the Missouri River Basin project, and H. R. 485, to authorize the Auburn-Folsom South unit of the Central Valley project. p. 11197

8. LEGISLATIVE PROGRAM. The Majority Leader announced that the agricultural appropriation bill is to be debated today (May 26) and that the House would probably complete this week's business on Thurs., meet Fri. but have no business, and adjourn until Tues. p. 11158

SENATE

9. WATERSHEDS. Passed as reported S. 199, to permit the Government to bear the cost of utility relocations under the Watershed Protection and Flood Prevention Act under certain conditions. p. 11082
10. PERSONNEL; PROPERTY. The Agriculture and Forestry Committee reported without amendment S. 1689, to permit the hiring or rental of private property by the Forest Service from its employees at isolated locations (S. Rept. 243); and H. R. 6691, to validate certain over-payments made by the Forest Service to Southwestern Indian firefighter crews from N. Mex. and Ariz. (S. Rept. 244). p. 11083

House of Representatives

TUESDAY, MAY 25, 1965

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., used this verse of Scripture preceding the prayer:

Ephesians 5: 8: Now are ye light in the Lord; walk as children of light.

Almighty God, as we turn to Thee in prayer, we beseech Thee that we may have the sincerity of a true faith and the fidelity of a loving spirit and be partners of the eternal Christ.

Grant that we may enter with Him in the joys that will cheer us and the trials that will teach us to put our trust in Thee.

Inspire us to yield our spirit eagerly to the guidance of Thy spirit that it may be touched to finer issues and trained for that higher service which always carries on faithfully and without fear or foreboding.

Help us to give a more far-reaching and wider expansion to the hopes of humanity, which our finite minds cannot explain and which are awed by a love and light which our hearts cannot fathom or comprehend.

Hear us in His name in whom Thy life and love were humanized that we might see Thy purpose and meaning. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1453. An act for the relief of the Jefferson Construction Co.;

H.R. 1870. An act for the relief of Edward G. Morhauser;

H.R. 2139. An act for the relief of Mrs. Mauricia Reyes;

H.R. 2354. An act for the relief of William L. Chatelain, U.S. Navy, retired;

H.R. 3995. An act to transfer certain functions of the Secretary of the Treasury, and for other purposes;

H.R. 6497. An act to amend the Bretton Woods Agreements Act to authorize an increase in the International Monetary Fund quota of the United States; and

H.R. 8122. An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 821. An act for the relief of the town of Kure Beach, N.C.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 125. An act for the relief of Armando S. Arguilles;

S. 133. An act for the relief of Faustino G. Dumaplin, Jr.;

S. 313. An act relating to the appointment of the Director of the Federal Bureau of Investigation;

S. 402. An act for the relief of Oh Wha Ja (Penny Korleen Doughty);

S. 409. An act for the relief of Betty Tinsang Chan Cho;

S. 442. An act for the relief of Carleen Coen;

S. 449. An act for the relief of Stanislaw Bialoglowski;

S. 450. An act for the relief of William John Campbell McCaughey;

S. 469. An act for the relief of Timoteo A. Tuazon;

S. 516. An act to amend the joint resolution entitled "Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes", approved August 14, 1962 (76 Stat. 386), to provide that eight members of such Commission shall be appointed by the President, to provide that such Commission shall not terminate prior to December 31, 1966, and to authorize appropriations for carrying out the provisions of such joint resolution;

S. 579. An act for the relief of the State of New Hampshire;

S. 582. An act for the relief of Aleksandr Kaznacheev;

S. 584. An act for the relief of Ming Chup Chau;

S. 585. An act for the relief of Santiago Woo and Morjin Chee de Woo;

S. 586. An act for the relief of Maria Tsilis;

S. 616. An act for the relief of Miss Choun Seem Kim;

S. 826. An act for the relief of Har Gobind Khorana;

S. 1039. An act for the relief of Andreina Viselli;

S. 1040. An act for the relief of Giuseppe Rafala Monarca;

S. 1064. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe;

S. 1084. An act for the relief of Shu Hsien Chang;

S. 1103. An act for the relief of Kathryn Choi Ast;

S. 1104. An act for the relief of Mirhan Gazarian;

S. 1138. An act for the relief of Lt. Robert C. Gibson;

S. 1196. An act for the relief of Wright G. James;

S. 1197. An act for the relief of Angellino Martino;

S. 1209. An act for the relief of Specialist Manuel D. Racelis;

S. 1388. An act for the relief of David Lee Bogue;

S. 1390. An act for the relief of Rocky River Co. and Macy Land Corp.;

S. 1405. An act for the relief of Jozsef Pozsonyi and his wife, Agnes Pozsonyi, and their minor child, Ildiko Pozsonyi;

S. 1468. An act for the relief of Dorothy Eyre;

S. 1498. An act for the relief of Nikolai Artamonov; and

S.J. Res. 65. Joint resolution establishing the Commission on Art and Antiques of the Capitol, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 339. An act to provide for the establishment of the Agate Fossil Beds National Monument in the State of Nebraska, and for other purposes.

The message also announced that Senate Resolution 102, disapproving Reorganization Plan No. 1 of 1965, transmitted to Congress by the President on March 25, 1965, failed in passage.

CORRECTION OF ROLL CALL

Mr. HALPERN. Mr. Speaker, on roll call No. 104 I am not recorded as having voted. I was present and voted "yea," and I ask unanimous consent that the permanent Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REPORT OF COMMITTEE ON FOREIGN AFFAIRS—"OVERSEAS PROGRAMS OF PRIVATE NONPROFIT AMERICAN ORGANIZATIONS"

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution, House Resolution 354, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 354

Resolved, That there be printed for the use of the Committee on Foreign Affairs one thousand eight hundred additional copies of the report of that committee entitled "Overseas Programs of Private Nonprofit American Organizations."

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 108]

Andrews,	Griffin	Resnick
George W.	Hagen, Calif.	Reuss
Ashbrook	Hanna	Roncalio
Bandstra	Harvey, Ind.	Rooney, N.Y.
Berry	Harvey, Mich.	Skubitz
Bonner	Hébert	Smith, N.Y.
Brown, Ohio	Hungate	Springer
Burton, Calif.	Ichord	Stubblefield
Carter	Lennon	Teague, Tex.
Chelf	Macdonald	Toll
Clawson, Del	Martin, Ala.	Watts
Daddario	Martin, Mass.	Weltner
Dulski	Mathias	White, Idaho
Flynt	Pool	Willis
Gilligan	Powell	Wright
Green, Oreg.	Price	

The SPEAKER. On this rollcall 386 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON RULES

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

REPRINTING OF CERTAIN REMARKS

Mr. WYDLER. Mr. Speaker, I ask unanimous consent to have my remarks of May 13 reprinted in more correct tabular form at this point in the RECORD. The insertion appears on page A-2383.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

FABULOUS FOURTH QUESTIONNAIRE

Mr. WYDLER. Mr. Speaker, in March of this year I mailed my second annual questionnaire to over 100,000 constituents in the Fourth Congressional District of New York.

My first questionnaire last year elicited an enthusiastic response and requests for more, and I promised to make this procedure an annual one. Through it I learn the thinking of those who live in the "Fabulous Fourth" Congressional District and I keep abreast of public opinion. Although its printing is expensive, it is well worth the cost to me.

Returns are still coming in at a rate which indicates we will surpass the unusually high number of 14,000 replies received last year.

There is no politics in this questionnaire. It is sent to all registered voters regardless of party.

The results were independently compiled by Data Management, Inc. of Washington, D.C.

Of the 11 questions asked only one received a "no" vote and that was on admitting Red China to the U.N. There was an overwhelming 73.7 percent against this.

All the other questions received "yes" votes, the most emphatic being in favor of withholding voting rights from U.N. members who do not pay dues—89.7 percent—and the next in favor of prayer in public schools—81.1 percent.

Fabulous fourth questionnaire

		Percent—		
		Yes	No	Undecided
FOREIGN POLICY				
1. Do you favor participation of Red China in the U.N.?	17.5	73.7	8.8	
2. Do you favor continued participation in the war in South Vietnam using present methods?	54.9	30.5	14.6	
3. Do you favor withholding voting rights from U.N. members who do not pay their dues?	89.7	4.8	5.5	
HOMEFRONT POLICY				
4. Do you favor further Federal legislation to enforce the right to vote?	66.1	26.4	7.5	
5. Do you favor the 35-hour week?	46.3	42.0	11.7	
EDUCATION				
6. Do you favor allowing a voluntary nondenominational prayer to be recited in public schools?	81.1	15.8	3.1	
7. Do you favor inclusion of private and parochial schools in Federal aid to education programs?	44.6	49.6	5.8	
8. Do you favor tax credits for parents who pay tuition for their children attending school?	70.2	24.8	5.5	
SOCIAL SECURITY AND TAXES				
9. Do you favor hospital care for those over 65, paid for by an increased social security tax?	46.5	44.0	9.5	
10. Do you favor a reduction in spending to produce a balanced Federal budget?	72.2	16.8	11.0	
GENERAL PHILOSOPHY				
11. Do you favor a philosophy of government that is—	Percent			
Conservative?	28.8			
Moderate?	43.7			
Liberal?	20.1			

FOREIGN ASSISTANCE ACT OF 1965

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 7750, with Mr. LANDRUM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Commit-

The largest uncertain vote concerned American policy in Vietnam—14.6 percent—and the smallest on prayer in schools—3.1 percent.

However, 54.9 percent of those answering favored continued participation in the war in South Vietnam using present methods.

The deepest splits developed on the issues of "medicare"—46.5 to 44 percent—and Federal aid to private and parochial schools—44.6 to 49.6 percent.

Support for my bill, H.R. 2488, to give tax credits to parents paying tuition—70.2 percent in favor this year as compared to 72.3 percent last year.

The most interesting and unique result was on the personal choice of a political philosophy. Most persons described themselves as politically "Moderate"—43.7 percent. "Conservative" was selected by 28.8 percent and "Liberal" by 20.1 percent. The balance indicated no preference.

The growing response and fact that more than half of the questionnaires returned contained individual comments shows that the people of the "Fabulous Fourth" Congressional District do care about their Government.

On May 13 of last year, I gave the benefit of this combined thinking of our district to my colleagues in the House of Representatives.

As promised, I now do this again this year—and on the same day—May 13—and I will mail these results to all who live in the Fourth Congressional District.

My thanks and congratulations to those who participated and made this questionnaire a success. You have assured its continuation next year.

The questionnaire follows:

tee rose on yesterday, the Clerk had read through the first section of the bill ending on line 4, page 1. If there are no amendments to this section, the Clerk will read.

The Clerk read as follows:

PART I

Chapter 1—Policy

Sec. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which re-

lates to the statement of policy, is amended by adding at the end thereof the following new paragraph:

"It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

AMENDMENT OFFERED BY MR. FULTON OF PENNSYLVANIA

Mr. FULTON of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON of Pennsylvania: On page 2, line 2, after "prevent" insert "personal injury to, unlawful imprisonment or detention or loss of life of United States citizens".

Mr. FULTON of Pennsylvania. Mr. Chairman, on reading this bill, I find on page 2 there is the provision that it is the sense of Congress that assistance to any foreign country shall terminate which hereafter permits, or fails to take adequate measures to prevent the damage or destruction of U.S. property within such country by mob action. The section further states that U.S. aid should not be resumed until the President determines appropriate measures have been taken by such country to prevent a recurrence of certain acts against U.S. property. These acts, as the bill is now written, apply to damage or destruction by mob action of U.S. property, within that country. But the section does not protect the U.S. citizens themselves.

What my amendment does is this. It says that this section also will apply to the persons of U.S. citizens. This is how it applies to the persons. I put in the words "to prevent personal injury to, unlawful imprisonment or detention or loss of life, of U.S. citizens."

Therefore, the section will now read both as to the U.S. property damage as well as to the persons and rights of U.S. citizens. Under my amendment, the section will now read this way:

It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent personal injury to, unlawful imprisonment or detention or loss of life of United States citizens and the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

Now what often happens is this. Our U.S. citizens are detained without cause and they are imprisoned or held incommunicado. This has occurred many times. My amendment states that the President then can cancel aid or suspend the aid of a recipient country until the releases of detained U.S. citizens are made and until the President determines that proper measures have been taken by that country to protect the lives as well as property of U.S. citizens. I think Congress should provide for such cases that involve personal injury or unlawful imprisonment or detention or loss of life

of U.S. citizens as well as provisions applying to damage to property. The lives, liberties, and security of U.S. citizens in every country whenever they might be, are certainly more important than damage to U.S. property, which certainly should be protected, too.

Mr. Chairman, I hope my amendment will be adopted.

Mr. FARBSTEIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is no doubt in my mind concerning the intentions of the gentleman, in offering the amendment to the bill. His intentions are good. He is seeking to protect as many of our citizens and as much of our property as possible.

However, I fear the gentleman would go just a little too far, when he talks about cutting off aid for unlawful arrests and imprisonment. Who is to determine what is unlawful and what is not unlawful?

I do not believe it is our intention, in amending the original law, which provides that in the event of destruction of embassies or property of the United States the President should have the right to cut off aid, to go that far.

When it is said, in the event an individual is unlawfully arrested, aid will be cut off, that is going a little too far. In order to determine whether there is an unlawful arrest it is necessary to have a trial and to have appeals and so on. Heaven alone knows where one will wind up.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. We have had many U.S. cases of our citizens being detained and arrested, and injured abroad. I can point out two specific cases recently of British citizens who were aircraft pilots. They were in two African countries. They were stoned. They were held incommunicado. The consuls and ambassadors were denied access to them, and there had been no trial.

If we are going to protect U.S. property and give a right to the President to determine whether aid shall be given, because of damage to property, how much more important is it to protect U.S. citizens from false arrest, from imprisonment, and from being held incommunicado. One does not need a trial. The President will determine when this situation shall exist in each recipient country.

Mr. FARBSTEIN. It is basic and fundamental in this legislation that the President has the right at any time, whether we suggest it in a preamble or not. The President has a right to discontinue aid. He can do that at any time he pleases. That is inherent in the legislation.

When we stretch this too far, it seems to me perhaps we may not attain the end we seek to attain.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield further?

Mr. FARBSTEIN. I yield.

Mr. FULTON of Pennsylvania. If it is the case that the President has the

power to terminate aid anyhow, in any event, including actions with respect to property, why is there a provision only for property and not with respect to liberty and human life as well? If it is necessary to have a provision for property, of course it is necessary to have a provision with respect to human life and liberty, against unlawful detention of our U.S. citizens without access by our Ambassadors or consuls.

Mr. FARBSTEIN. I do not wish to labor the question too long. There was a tremendous furore as a result of the destruction of the Embassy in Egypt. That was wrong. The same thing happened in Indonesia. That was wrong.

To overcome those situations, we inserted the language as a warning to the people who are beneficiaries of our aid that they had better be careful or otherwise they will lose our assistance.

When we extend this to a situation which might become very difficult to interpret, I feel we are touching dangerous ground. If our citizens are held incommunicado, after the diplomatic conversations—and it appears as though the government which is the recipient of our aid insists upon refusing to release those individuals, I believe we can do quite a good deal if we wish to. Things have been done heretofore in connection with situations of that type, even going beyond the refusal of aid.

I do not believe that situation has application here. I believe it would cause more harm than do good, although I can appreciate the intentions of the gentleman, which I consider to be highly appropriate.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield further?

Mr. FARBSTEIN. Yes.

Mr. FULTON of Pennsylvania. If the purpose of the provision is to give notice that if these countries permit damage to U.S. property, then aid will be terminated or suspended, do you not think it is just as wise that if our citizens are hurt, killed, or held incommunicado the same suspension of U.S. aid will be done?

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, why do we have to write into any law the basic policy that we will take action when a U.S. citizen is killed? There is no doubt on this point. This amendment was designed solely to protect American property overseas. It is an important amendment. The danger here is if we adopt the amendment of the gentleman from Pennsylvania, we are going to change emphasis from the protection of property and confuse what we are talking about. We will never be complacent about the loss of life. The danger is that there is some complacency about destroying our property. This amendment, in my opinion, destroys the effectiveness of the provision in the bill, which is designed to protect our embassies against mob violence. The committee spent a long time on this amendment. It is the same amendment that is incorporated in the bill reported by the Senate and will meet no opposition in conference. The gentleman's amendment goes entirely too far, I think.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. FASCELL. I thank the gentleman. Is it not true we have not had any particular problem except in certain isolated instances with respect to personnel?

Mr. MORGAN. That is correct. The gentleman from Pennsylvania [Mr. FULTON] mentioned two British pilots who it turned out were not U.S. citizens. I do not know why we should be writing legislation on the floor of the House hereto protect citizens of other countries.

Mr. FASCELL. If the gentleman will yield further, is it not also true our own Government acted promptly, with dispatch and firmness, wherever we had a problem arising involving American citizens?

Mr. MORGAN. That is correct.

Mr. FASCELL. Is it not true that the reason for this amendment in the bill dealing with property is because we have run across a well-organized plan in which the Communists are involved, and we are trying to advise recipient governments that they cannot tacitly or indirectly let Communists agitate and tear up American property and still expect to get some aid under this bill. That is the purpose of this amendment, is it not?

Mr. MORGAN. Yes, it is.

Mr. FASCELL. And that is the difference between trying to protect property and American life.

Mr. MORGAN. The gentleman is correct.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. Yes. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. If we are giving the Communists notice that the aid might be terminated if they tear up property, how much better would it be to give the notice likewise that if they damage or injure our citizens and imprison them or hold them incommunicado or if they cause the loss of life of U.S. citizens, then we give them notice also that the aid may be terminated. I feel if you do it just on property, it leaves out the matter of human life. I might say to you I want prompt action on both the matter of lives and property, and if we are going to say it with respect to property, we should most certainly say it with respect to U.S. life as well.

Mr. MORGAN. Again I say to the gentleman why do we have to write it into this bill? The President certainly has the authority, the desire, and the determination to protect any American life.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Chapter 2—Development assistance
AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 2, after line 8, insert the following:

"Title I—Development Loan Fund

"SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development loans, is amended as follows:

"(a) Amend section 202(a) by striking out "and \$1,500,000,000 for each of the next two fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, and substitute the following: '\$1,500,000,000 for the fiscal year 1965, and \$649,292,000 for the fiscal year 1966, which sums shall remain available until expended: *Provided*.'" "And renumber the following sections accordingly.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this is an amendment to existing law which, if adopted, would reduce the amount of this authorization bill by \$130,958,000; essentially a reduction of \$131 million in the Development Loan Fund. It may properly be asked, how I arrive at that figure. The figure of \$130,958,000 is the total amount expected to be in the pipeline, as of June 30 of this year, for the following countries: United Arab Republic, Haiti, Cambodia, Indonesia, Algeria, Ghana, and Congo—Brazzaville.

I say that if you take the amount expected to be in the pipeline at the end of this fiscal year for each of those countries and total them you reach a figure just short of \$131 million which my amendment would take from the Development Loan Fund.

Not all of this pipeline money, not all of the money expected to be in the pipeline is development loan money. Over \$100 million is. The rest of it is in certain other funds, such as Supporting Assistance, Contingency Fund, and other programs.

Mr. Chairman, if we are to make any reduction in the dollar value of this bill, if we are to say to certain countries which have repeatedly flaunted us and our assistance that we do not like that, that we resent their attitudes, then here is the way to do it.

Let me read to the Committee a copy of a letter that was printed in Time magazine dated May 21. It is signed Norodom Sihanouk, Chief of State, Phnom Penh, Cambodia. I shall read that letter published in Time magazine.

SEN: As an anti-American, I thank you for your rotten article devoted to my person in your issue of May 7. Your insult to a head of state and your odious lies dishonor not only your magazine but also your nation.

I assure you that I would much prefer to die from the blows of the Communists (who are certainly hostile to royalty, but who have no contempt for us) than capitulate before you, who symbolize the worst in

humanity; i.e., racism, discrimination, injustice, death, and lies.

(Signed) NORODOM SIHANOUK,
Chief of State, Phnom Penh, Cambodia.

Cambodia is one of the countries that would be affected if my amendment is adopted.

Mr. Chairman, programs for certain of these countries are to be funded under this year's authorization bill. The President does have certain elasticity. Of course, he also has the contingency fund.

Mr. Chairman, all I hope to do through my amendment is to cut off the pipeline.

Mr. Chairman, I must point out to the members of the Committee that that is my intent, but we cannot be certain that by naming countries specifically they will be denied loans under this Development Loan Fund. I am predicating it upon the basis that the Development Loan Fund is one sum of money. Even if we adopt this amendment, I must say in candor to the members of the Committee that while I speak as I do, and others may speak as they do, the administration is not bound to cut it from these countries I have named.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(Mr. ADAIR asked and was given permission to proceed for 3 additional minutes.)

Mr. ADAIR. Mr. Chairman, if we use this yardstick in recommending the reduction in dollars, which we do, that the administration would respect what we are trying to do and would act accordingly.

Mr. Chairman, some might say that certain portions of this have already been earmarked, and that is also true. But, against some of those earmarkings there has been little disbursement or there has been very little action of any kind in some cases since 1963 and in many cases since 1962. In one instance, one portion of this deals with an allocation of \$55 million for a smelter which, in all probability, will never be financed under the Development Loan Fund.

Mr. Chairman, my point is that we can indicate our strong feelings with respect to those nations that turn from us and in the direction of communism, or turn from us and in the direction of other great powers. We can indicate that we strongly disapprove of that. We can reduce the dollar amount of this bill by almost \$131 million and, at the same time for those who favor the legislation, it would not be a blow which would completely wipe it out.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. The gentleman from Indiana has mentioned a \$55 million loan that we made for a smelter. I presume he is referring to the loan agreement with Ghana.

Is it not true that this loan was only dated June 1962, just over two years ago, and is a 50 percent matching loan undertaken with the Export-Import Bank for a \$110 million smelter, and that pay-

ments thereon were not to begin until January 1965?

Mr. ADAIR. But the point is that the funds have not been drawn against, or if they have been, they have been drawn against in a very small amount. My assumption is, I may say to the gentleman from Wisconsin, that I personally doubt that that smelter is ever built; at least, built under these financing arrangements.

Mr. ZABLOCKI. Mr. Chairman, if the gentleman will yield further, payments under the Export-Import Bank part of the loan have started in January of this year. Is it not also true that the loan cannot be drawn down until the product is finished and until it is delivered?

Mr. ADAIR. Drawing against loan is contingent upon the agreement under which the loan is made. There are different types of loan agreements and they specify when the drawings may be made.

Mr. ZABLOCKI. Mr. Chairman, if the gentleman will yield further, payment is made upon delivery is it not?

Mr. ADAIR. In some cases that is correct; in others, before.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendment.

The whole basis of the development loan was an agreement reached by this House as an answer to the feeling against backdoor spending some 4 years ago. As a result of our rejecting that type of financing, this authorization, this 5-year authorization, was entered into and agreed to by both sides.

This particular section we are now talking about, the development loan section, terminates this year, and while it is true there have been some abuses, and there have been some changes today and since 4 years ago, nevertheless the agreements that the gentleman from Indiana [Mr. ADAIR] refers to are agreements that are in the pipeline as a result of contracts entered into several years ago. There is no assistance in this year's program to Cambodia. If we have heard objection to this type of financing, the committee can make our objections effectual at the next go-around of the bill. However, since this has been entered into it does involve long-range commitments. These commitments were conditioned upon the fact that we did not need backdoor spending.

I might say that the people on this side and people on that side of the aisle objected to backdoor spending 4 years ago. This agreement is running out, and I think it would be inequitable and wrong for us to terminate or go back on our word in the last year of the authorization which this body advocated.

It may well be that we should take the action that the gentleman from Indiana [Mr. ADAIR] mentioned, and I concur with him and agree with him on the item of Cambodia; but the fact of the matter is this House has given its word and its authorization that we would see these agreements through. The so-called pipeline involves agreements and contracts entered into previously. There have been no new ones entered into with Cambodia either this

year or last year. To terminate and go back on our word now would be a breach of faith on something the House has already agreed to—it would not affect Cambodia but it would affect and drastically hurt many of our allies who are complying with their part of the agreements. Adoption of this amendment would seriously impair the credibility of the United States.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I heard the gentleman from Indiana state when he made his remarks that in the pipeline for Cambodia there was a development loan. We examined the pipeline figures presented in the minority report which sets forth the views of the gentleman. Cambodia is listed, but there is no reference to development loans.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Indiana.

Mr. ADAIR. I do not think I said that. I said my figure of \$131 million basically was reached out of development loan funds. But there were other funds involved, such as contingency funds and supporting funds.

Mr. GALLAGHER. I am glad that the gentleman has answered our distinguished chairman. But that is the point. All of these loans are in hard dollars, repayable in hard dollars.

Mr. Chairman, I urge defeat of the pending amendment.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, yesterday in discussing the foreign aid pipeline, I tried to make it clear that we must keep in mind the distinction between unobligated funds in the pipeline and unexpended funds in the pipeline. I pointed out from personal experience how a firm in my district was able to benefit through a contract with Greece where there were some unexpended funds. The company sold a conveyor belt to that country.

I want to mention another example: there is another company in my district that participates in our aid program, the Allis-Chalmers Manufacturing Co. That company builds turbines, generators, and other equipment which it takes a long time to manufacture. When a hydroelectric dam or a steel mill is to be built under the aid program, it takes a while before the project is completed. When our country grants a loan to another country, payment is not made to the recipient country, and then to the company manufacturing the equipment in question, until the delivery of such equipment is completed. Therefore, a company like the Allis-Chalmers Co. does not get paid immediately and the development loan funds are not expended until the delivery of the equipment is completed. Now the gentleman from Indiana knows this. Am I accurate in this regard? Am I stating the case properly insofar as unexpended funds are concerned? Does that delivery have to be made before payment is made?

Mr. ADAIR. It depends upon the terms of the development loan agreement. These agreements do vary.

Mr. ZABLOCKI. Does the gentleman know of any case where payment has been made under a development loan before a delivery was made?

Mr. ADAIR. Yes. As one example, Chile received a \$40 million loan for a development bank in one lump sum, prior to subloans to local borrowers.

Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. And is that why we have unexpended funds?

Mr. ADAIR. That is one reason. But there are other and more cogent reasons. There is too much in the pipeline that is not being used and agreements are not being drawn and projects are not being completed.

Mr. ZABLOCKI. Well, on projects that are not being completed, of course, there will not be any payments, but that is a very small portion of the program. I do want to point out the danger of the gentleman's amendment. When we turn to loans rather than grants, we lengthen the pipeline. But we also gain the repayments of loans. The record of repayment of these loans is very good. Of the assistance given by this country of \$110 billion, \$30.3 billion consisted of loans and as of the end of fiscal year 1964, repayments of principal and interest on those loans amounted to \$11.4 billion.

Loans extended by AID and predecessor agencies amounted to almost \$10 billion for development loans, Alliance for Progress loans, supporting assistance loans, and food-for-peace undertakings.

Now of this total of development loans, \$2 billion has been repaid. \$1.3 billion was in dollars, U.S. dollars, and the remainder \$687 million dollars, in foreign currencies.

Defaults on development loans amounted to only \$2.5 million and occurred in only four countries. This was one-fortieth of 1 percent in relation to the loans extended. I think this is an excellent record.

I do not believe we should cut the program where we are making a great impact among countries—our allies as well as the developing countries in the world. This would be a mistake. This would be a great mistake and I hope the gentleman's amendment will be defeated.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield to the gentleman.

Mr. GROSS. They have not defaulted on these loans for two reasons. In the first place, many of them have a 10-year grace period before any payment is made. In the second place, they are not going to default on these loans as long as we keep pumping the money in back to them to pay on the maturity of the loans—if they can be called loans. But most of them have not had a chance to default.

Mr. ZABLOCKI. I call the attention of the gentleman to the fact that there were principal repayments of \$775 million in American, United States, hard currency dollars. Payments of interest amounted to \$558 million again in U.S. dollars.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, every year since we authorized the development loan fund on a long-range basis in 1961, there has been an attack of this kind upon the fund. We have been successful every year in fighting off the attack. At the end of fiscal year 1966, the present authorization for the long-range development loan fund comes to an end. During the markup of the bill, I told the committee that we should take a new look, make a new approach and try to develop a new type of long-range development loan fund. You will remember, that this is a program that is paid back in hard dollars. The development loan fund was established under President Eisenhower in 1957, repayment in soft currency was authorized. In the new authority governing the development loan fund initiated when we rewrote the Mutual Security Act in 1961, we established a dollar repayment type of development loan.

The administration already has authorization for this fiscal year of \$1.5 billion. They did not request that amount of money. They came here with a request for a little more than half of the \$1.5 billion. They requested \$780 million.

Most of this money goes to the countries around the world who are making real progress like Turkey, Columbia, Nigeria, India, and Pakistan. It is a very important part of the program.

The money is screened carefully. It goes only to the most effective governments, which we feel have a chance to stand on their own feet. AID has done a very careful job of screening and intends to do a very careful job of screening this fund.

This would be a very severe cut. It would damage the program.

The author of the amendment is not giving adequate attention to our obligations, to our definite loan commitments. He wants to penalize countries with whom we have firm loan agreements, with whom we have signed contracts, as well as curtailing the new appropriations.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. FASCELL. The distinguished gentleman from Pennsylvania has made a very important point with respect to the long-term commitments, as well as pointing out the fact that the amount of authorization requested is only a little more than half of that which was authorized by the committee and by the Congress.

Is it not true that the committee and the Congress have worked quite hard to shift this program from grants to loans?

For example, in 1953 and 1955, 6 percent of all programs were loans, yet in 1966, 69 percent of all programs will be in loans. The department has worked hard to follow the mandate of the Con-

gress, so in the past few years we have seen a shift in emphasis from grants to loans, and from loans repayable in local currencies to loans repayable in dollars, with a substantial increase in the minimum interest rates on the dollar-repayable loans.

The very same people who helped to make the shift in emphasis now want to turn around and cut off the commitments made under the programs which have been very wisely handled by the administration.

Mr. MORGAN. The gentleman is absolutely correct. In addition, we increased the interest rates on the development loans. The loans are repayable at a 2½ percent interest rate and are good, firm loans.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the majority leader.

Mr. ALBERT. Does it not come down to this: If we are to have a loan program we must fulfill the commitments made with respect to loans?

Mr. MORGAN. That is correct. We must fulfill the commitments, where we have firm contracts. We cannot make cancellations of funds now in the pipeline.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Is it not true that if cuts were made along the lines of the Adair amendment, those cuts would not affect contracts already entered into, such as with Cambodia, to which the gentleman objects, but could affect any loans we might now be making to countries such as Korea or other nations which have been making real and constructive progress? Reductions would have to be made to our closest friends and allies who are today making progress. It would effect new loans, not old loans. Therefore, the matter of Cambodia would not be affected by the amendment.

Mr. MORGAN. The gentleman is absolutely correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The CLERKS. Page 2, line 9:

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

"(a) Amend section 212, which relates to authorization, by striking out '1965' and '\$215,000,000' and substituting '1966' and '\$210,000,000', respectively.

"(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

"(1) Amend subsection (b) by striking out 'treatment, education,' and substituting 'education'.

"(2) Amend subsection (c) by striking out '1965, \$18,000,000' and substituting '1966, \$7,000,000'."

"TITLE III—INVESTMENT GUARANTIES

"SEC. 103. Title III of chapter 2 of part 1 of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

"(b) The President may issue guaranties to eligible United States investors—":

(2) In paragraph (1), strike out "\$2,500,000,000" and substitute "\$5,000,000,000."

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out ", and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000".

(B) In the third proviso, immediately after "\$300,000,000" insert the following: ", and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$150,000,000".

(C) In the fourth proviso, strike out "1966" and substitute "1967".

(b) Amend section 221(c), which relates to general authority, by inserting after the word "guaranty" the third time it appears, the words "of an equity investment".

(c) Amend section 222(b), which relates to general provisions, by inserting after "(exclusive of informational media guaranties)," the words "and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties,".

(d) Amend section 223, which relates to definitions, as follows:

(1) In subsection (a), strike out "and" at the end thereof and in subsection (b) strike out the period and substitute "; and".

(2) Add the following new subsection (c):
"(c) the term 'eligible United States investors' means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided*, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners."

(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private homeownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan, and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

"(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

"(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

"(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions;

"(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

"(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives; or

"(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$450,000,000: *Provided*, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That this authority shall continue until June 30, 1967."

AMENDMENT OFFERED BY MR. CRAMER

Mr. CRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAMER: Page 5, line 15, after the word "free", insert "non-Communist dominated"; and on page 6, line 16, after the word "free", insert "non-Communist dominated".

Mr. CRAMER. Mr. Chairman, this is an amendment which I hope will be accepted by the committee. All it does is it says if you are going to set up this new housing project in the Latin American country program, which I incidentally strongly support, and you are at the same time going to make funds available for "the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America"; and then on page 6, line 14, paragraph (4), "housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives." I say that we should certainly not permit funds to be made available to any union that is dominated by the Communists.

It is common knowledge, the record is replete with evidence of Communist attempts to infiltrate, to take charge of, to take over certain labor union movements in Latin America. I do not think anyone in this House would want the administration or anyone else to have discretion to provide assistance to labor

unions if, in fact, it is shown that they are Communist dominated.

I may have some reservations myself as it relates to providing foreign aid money for the purpose of requiring and encouraging the formation of labor unions in the first instance as a necessary adjunct to the use of Alliance for Progress funds. This has gone on all over Latin America. It is common knowledge that one condition for Alliance for Progress funds, among others, is that the labor union movements in those countries shall be encouraged. But that bridge has been crossed. If you are going to do that, as it relates even to labor union-sponsored housing projects, then I say make certain that these labor unions are not Communist dominated. That is all this amendment does, and I should hope the Committee would accept it.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield.

Mr. YATES. Will the gentleman explain what he means by the phrase "non-Communist dominated"?

Mr. CRAMER. Not necessarily. I know what the gentleman's question is. This is common terminology that has been used in other similar efforts; "non-Communist dominated" as it relates to "non-Communist-dominated countries." This is common terminology used in such restrictive foreign aid language. That is where it came from.

Mr. YATES. What does it mean?

Mr. CRAMER. It means exactly what it says. If there are a number of Communists in a union and thus by their number or otherwise they dominate the union—no money. That is what it means. That is what it says—"non-Communist dominated" just like a country if it is "non-Communist dominated" can get aid, but not otherwise. You cannot spell it out further. It would be wrong to attempt to spell it out further. This simply applies the same test to labor unions that is applied in other instances. I cannot imagine how the Committee would not accept it.

Mr. YATES. Mr. Chairman, will the gentleman yield for another question?

Mr. CRAMER. I yield.

Mr. YATES. How is the Administrator to know what is a non-Communist-dominated union?

Mr. CRAMER. They do not have any trouble determining what is a non-Communist-dominated country; they will have no difficulty determining what is a non-Communist-dominated union. Now, I hear constant suggestions that the Administration be given authority to exercise its discretion. Here it is. It decides whether a union is non-Communist-dominated. If it is, they get the money; if not, they do not. If someone on the floor of the House wants some money to go to Communist-dominated unions, let them vote against the amendment.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment. I do not think money should go to any Communist union, but the terms of reference in this amendment are not that

simple. The fact of the matter is that on page 5, line 15, we point out that they must be free labor unions. Therefore, if a union is Communist-dominated it cannot possibly be a free labor union. The language of the amendment is redundant, it is surplusage, and it is not necessary. We are in agreement on the desired net result. I urge the defeat of the amendment.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. CRAMER. Will the gentleman define what "free" means? If "free" means the same as "non-Communist-dominated," why would the gentleman object to defining it further with my amendment so there would be no question about it?

Mr. GALLAGHER. Everybody knows what it means.

Mr. CRAMER. What does it mean?

Mr. GALLAGHER. It means non-Communist-dominated.

Mr. CRAMER. It also means everybody may join it, does it not, including the Communists? This amendment defines it further and excludes Communist domination.

Mr. GALLAGHER. No; it means non-Communist dominated. I would imagine that a free labor union means a free labor union not dominated by anyone, including the Communists.

Mr. CRAMER. Suppose it is intended to mean to apply only to non-Communist-dominated unions? If the gentleman wants to make sure it does, and he agrees, he should support my amendment to make sure.

Mr. GALLAGHER. I support the gentleman's intention and the gentleman's intention has the support of this bill. Therefore, it is not necessary.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentlemen from Pennsylvania.

Mr. MORGAN. I understand the word "free" to mean it is not dominated by anyone.

Mr. GALLAGHER. That is exactly right. The chairman has made a good point on that, and, Mr. Chairman, I urge the defeat of the amendment.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mrs. REID of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

(Mrs. REID of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. REID of Illinois. Mr. Chairman, what is the purpose of the foreign aid program? Is it to win friends, to keep the peace, and to keep communism from spreading? All we have to do is to take a quick look at the world situation today to realize that if this is the purpose of the foreign aid program it has been a dismal failure.

During fiscal year 1946 through fiscal year 1964 we have distributed over \$110 billion of the American taxpayers' dollars and the dollars of still unborn generations among some 110 foreign nations—friends as well as enemies. During the same period of time, the recipients of our aid have purchased over \$10 billion of our gold—thereby contributing greatly to our serious gold shortage problem. We have seen many countries go behind the Iron Curtain in that time and many more still receiving our aid—though claiming to be neutral—hue to the Communist line, permit our embassies and our flag to be attacked and desecrated, vote with the Communists more often than they do with us in the United Nations, and interfere with efforts to bring stability and peace to the world.

Each year, the Congress reaffirms its intent that American tax dollars are not to be given to such countries—but no such denial of aid is actually written into law. Thus, Congress abdicates its constitutional control over the purse strings and leaves the final decision up to the President. Nasser tells us to "go jump in the lake," but we continue to provide aid—and \$29,973,000 remain in the pipeline from previously authorized and appropriated amounts for aid to the United Arab Republic. Sukarno stated a few months ago:

We are rich enough to do without American aid. Indonesian resources are so, so rich; our need is only to dig out our own resources. To * * * with American aid.

Yet, \$17,193,000 of American dollars remain ready for the use of Indonesia even without the present bill. Ghana and Algeria have embraced Red China and are adding to the troubles of the Congo—but a total of \$75.5 million remain from previously appropriated funds for their use in fiscal year 1966.

These are just a few examples of what I consider to be the misuse of American tax dollars. In addition, the entire program is replete with waste, extravagance, and mismanagement.

It has been widely reported by the administration and by the news media that this current foreign aid request has been cut to the "bare bone"—and if you merely look at the total of \$2.04 billion provided in this authorization bill you might be inclined to agree. On checking a little deeper, however, one finds that the total is quickly increased to \$3,367,670,000 by amounts previously authorized—and this is just the start. This present bill authorizes an unlimited amount for southeast Asia—with the President having full control over what is actually to be spent. In addition, there are other separate foreign aid programs such as the Peace Corps, food for peace, Inter-American Development Bank, International Development Association—bringing the total amount provided for foreign aid for fiscal year 1966 to about \$6 billion. Then, of course, the United States spends still another additional \$3 billion annually for military expenditures abroad which come under the Defense Department budget. Finally, we have to add the sum of \$6.2 billion of unexpended foreign assistance funds previously authorized and appro-

priated and in the so-called pipeline for use in fiscal year 1966. And, I would remind you, we are providing all of this money at a time when we are faced with a serious balance-of-payments problem, a gold shortage, and a national debt of some \$318 billion which greatly exceeds the combined debt of all other countries of the world—and when we are called upon to increase our military expenditures to help protect South Vietnam and the Dominican Republic from Communist aggression.

There are approximately 22 different U.S. agencies involved in giving foreign aid to over 80 countries now—and over 71,000 individuals, including participants, are on the foreign aid payroll. Can such a widespread program result in efficiency and value received for each dollar spent? My answer to that question is an emphatic "No."

Certainly, I feel that some aid to friendly foreign nations is necessary, if provided on a selective basis and at the grassroots level. On the other hand, I feel very strongly that the very survival of the free world depends upon our remaining fiscally sound—and that we cannot continue to attempt to support the world without going bankrupt. I concur completely with the views and recommendations contained in the minority report on this bill, H.R. 7750.

My vote against this bill will serve as indication of my strong protest against giving aid to unfriendly nations and against the waste and extravagance in the present program—as well as my equally strong demand for a completely new look at the entire foreign aid program.

Mr. DERWINSKI. Mr. Chairman and Members of the Committee, I believe the gentleman from New Jersey [Mr. GALLAGHER] has made the strongest argument for this amendment that the gentleman from Florida [Mr. CRAMER] could possibly ask for. As a matter of fact, it is a stronger argument than the gentleman from Florida made in behalf of the amendment himself.

Mr. Chairman, the fact that we are trying to read into the language of the bill that "free" means "non-Communist," certainly is stretching definitions substantially and I see nothing inconsistent with the amendment which has been offered by the gentleman from Florida and the statement of the gentleman from New Jersey [Mr. GALLAGHER] supports it.

Mr. Chairman, I cannot quite understand the use of definitions of those opposing this amendment.

Mr. GALLAGHER. Mr. Chairman, the gentleman from Illinois [Mr. DERWINSKI] is a member of the Committee on Foreign Affairs and I know the gentleman's record is known to be violently anti-Communist, as are all of the people in this House of Representatives.

On the other hand, Mr. Chairman, the gentleman was in committee when this language was prepared and following his leadership on some of these matters we felt that "free labor unions" meant that they would not be Communist dominated and therefore this language as contained in the bill covered not only Communists

but anyone who would try to take over a union and keep it from being a free labor union.

So, Mr. Chairman, I do hope that this amendment will be rejected.

Mr. DERWINSKI. Mr. Chairman, as I see the virtue of the amendment of the gentleman from Florida, it spells out more concretely the position of the House than does the language of the bill. We have to recognize the fact that we went through a period in the United States in the early and late forties where there were necessary efforts made to remove Communist control of unions. We recognize that unions are normal targets for Communist infiltration and to specifically emphasize that we will not provide funds to be used by Communist-controlled unions I think is a logical extension of the position of the Congress and a logical implementation of this bill.

Therefore, Mr. Chairman, I believe the amendment of the gentleman from Florida [Mr. CRAMER] should be approved.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Iowa.

Mr. GROSS. Would the gentleman think that the tin miners union in Bolivia, which has its own militia, is a free union, with or without Communist membership?

Mr. DERWINSKI. I would presume not but, perhaps the gentleman from New Jersey [Mr. GALLAGHER] might wish to apply his definition.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I think that the distinguished gentleman from Iowa has raised a very good point. We want free unions. We want them to be free of Communists and free from rightists. That is the reason why we should have this affirmative language against the establishment of any militiamen, militiamen of the right or left, Communists, or extreme rightists.

Therefore, Mr. Chairman, our affirmative language as contained in the bill covers it all.

I appreciate the contribution which the gentleman from Iowa has made.

Mr. GROSS. If the gentleman will yield further, I have not heard whether the gentleman from New Jersey thinks the Bolivian tin miners union is a free union.

Mr. GALLAGHER. No, I do not.

Mr. GROSS. If the gentleman will yield further—

Mr. GALLAGHER. I think we should explore all of these matters.

Mr. GROSS. You would not exclude them, however, under the language of this bill.

Mr. GALLAGHER. If they were dominated by any militiamen, they would be excluded.

Mr. DERWINSKI. The language of the amendment which has been offered by the gentleman from Florida [Mr. CRAMER] would more specifically exclude the use of funds to Communist-controlled unions.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Florida.

Mr. CRAMER. I have just looked up the definition of "free" and it says, "Unrestricted and unconfined." Communists can join an unrestricted, unconfined union and that is why my amendment proposes to prevent, prevent the moneys contained in this fund from going to unions that are Communist dominated. That is all it does. But the word "free" does not do it.

Mr. Chairman, if the gentleman wants to do it, he should be applauding the amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. The gentleman has a lot less confidence in the word "free" than I have. A "free" union means that no one dominates it, including Communists, and including the kind of people who march down in Bolivia who do not benefit from this.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. CRAMER].

The question was taken; and on a division (demanded by Mr. CRAMER) there were—ayes 52, noes 80.

Mr. CRAMER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. GALLAGHER and Mr. CRAMER.

So the Committee again divided, and the tellers reported that there were—ayes 72, noes 122.

So the amendment was rejected.

Mr. MORSE. Mr. Chairman, I am pleased that the Committee amended the bill as introduced to extend the highly promising guaranty program for oversea housing, both in Latin America and in other areas of the world.

This program, which was initiated by the Congress 4 years ago, has developed into one of the best examples of assistance in the foreign aid program. Financed through private investment rather than U.S. Government funds, it serves as an excellent vehicle for private enterprise in this country to cooperate with private sectors in other areas of the world. It provides much needed housing on a self-liquidating basis, similar to our FHA program in the United States and serves that segment of the economy which is not in need of subsidized housing through public housing institutions.

On my trips to Latin America, I have visited several of these programs and was impressed that they are providing a meaningful demonstration of the goals of the Alliance for Progress. Nothing means more to people, in all parts of the world, than the ability to purchase and live in their own homes.

The committee this year set aside \$150 million from the authority under section 221(b)(2) of the act to continue that type of pilot or demonstration project that has been guaranteed under the pro-

gram during its initial 4 years. Prior to this year AID had set aside \$50 million for guaranties outside Latin America. This new set-aside will provide an expanded program throughout the world and it is hoped that this program, slow in developing over this past year, can be put upon a firm basis this coming year.

AID requested \$100 million of guaranty authority for new types of categories to be guaranteed under the Latin American program in section 224. The committee felt strongly that the program, as intended by Congress and developed so successfully to date, should be continued and strengthened. Therefore, the committee increased the authority available under section 224 by an additional \$100 million above the AID request to continue to carry out the guaranty of privately sponsored pilot or demonstration projects similar to those insured by the FHA.

It is understood that this continuation of the program under section 224(b)(1) will be supported by not less than this additional \$100 million.

It is of the utmost importance that the housing guaranty program as created by Congress be continued on its present basis. The new authority will provide an opportunity to experiment with other approaches to the guaranty program, but the program as now conducted should be continued.

AMENDMENT OFFERED BY MR. FINO

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 7, line 2, strike out "\$450,000,000" and insert in lieu thereof the following: "\$425,000,000".

Mr. FINO. Mr. Chairman, this is a very simple amendment. It merely reduces the authorization in this section of the bill from \$450 million to \$425 million. This saving of \$25 million could be used to support the veterans' facilities that the President wants to close, as he says, for reasons of economy. All Members of the Congress are, of course, greatly interested in this proposed closing of our veterans' hospitals and domiciliaries and the transfer and consolidation of some of the regional offices. The plea of the President was that we must save money and that by shutting down these facilities and by these proposed consolidations, we could save \$25 million.

Now that sounds good if you only look at one side of the ledger. But when you look at the other side of the ledger and you look at this foreign aid bill, you will see that here you are providing American dollar guarantees for housing for our so-called allies.

This reaches a point of great disturbance. When we spend money on our own veterans, I say that our veterans not only deserve it but also appreciate it. But when we spend money in South America, Asia, Africa, or any other portion of the world, those people do not appreciate it and they do not deserve it in many instances.

So if all the Members of Congress who have appeared before the Veterans' Af-

fairs Committee, the subcommittee on hospitals, and expressed so much concern about the closing of these hospitals will take heed, I say this is an opportunity to stand up and be heard, an opportunity for you to express your feelings and sentiments, an opportunity for you to say to the President of the United States, "We are taking \$25 million off this foreign aid program and giving it to you so that we can continue to keep our hospitals open."

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FINO. I yield to the gentleman from Iowa.

Mr. GROSS. I commend the gentleman for his amendment to the bill. I cannot think of a better place to save \$25 million, and dedicate it to the veterans of this country for their hospitalization and care.

Mr. FINO. Not only that, but they appreciate it.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sure that we are all touched by the gentleman's concern for the veterans of this country. All of us here today certainly join in that concern with the gentleman from New York. It is too bad that his amendment would not do what he believes it would do, because, under this particular section, what we are talking about is a limit or ceiling on the issuance of guarantees, and this has nothing to do with the appropriation of money.

Therefore, worthwhile as the efforts of the gentleman from New York might appear to be, in actuality they would not accomplish any of the things he has talked about. What would occur is that there would be a reduction of \$25 million in one of the most successful programs we have had in stemming the tide of communism in Latin America by providing private initiative, private institutions, private homeownership throughout Latin America. I do not believe I need to dwell on the value of private homeownership in a developing area like Latin America.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I am delighted to yield to the gentlewoman from New York.

Mrs. KELLY. I am very happy that my colleague from Florida has made this statement. It was as a result of many remarks by him to me that I was happy to sponsor this amendment in the committee. I agree that there is no money involved, and this involves the ceiling. I hope the amendment will be rejected.

Mr. FASCELL. I thank the gentlewoman. It was her amendment that increased the ceiling for this program.

This was one subject which received very thorough consideration by the committee. The ceiling was lifted because of the tremendous success of the program.

Since the amendment would not accomplish what the gentleman from New York seeks to accomplish, and because it would do damage to a very important

part of the program, I believe the amendment should be defeated unanimously.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 104. Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended by striking out "in fiscal year 1965" and substituting "in each of the fiscal years 1965 and 1966".

Mr. FRASER. Mr. Chairman, I move to strike the last word.

(Mr. FRASER asked and was given permission to revise and extend his remarks.)

Mr. FRASER. Mr. Chairman, I am happy to note that no amendments have been offered to reduce the authorization for the Alliance for Progress. This surely reflects the concern of this House that the United States press forward toward fulfillment of the goals of the Alliance without delay.

Undoubtedly, the tragic and costly conflict in the Dominican Republic has lent emphasis to the need for the Alliance for Progress. We have witnessed in recent days the losses of life, revolution, and the destruction of many of the normal services required by the people in Santo Domingo. The continued existence of the Dominican Republic as a free country has been threatened in recent years by political instability and a lack of adherence to constitutional processes. Inevitably Communist leaders, including those trained outside the Dominican Republic, seek to exploit this instability and the many other problems facing the people of that republic. Whatever the degree of control and influence achieved by them in this recent revolution, the threat of a Communist government emerging from the revolution now appears to have abated.

What now remains are hunger, unemployment, disease, poverty, ignorance—and sometimes—despair. It is these afflictions, common to so many people of this world, to which the Alliance for Progress is addressed. Although the Alliance is less than 4 years old, it has begun to take hold. The idea that governments must act to bring about social reform, broadened educational opportunities and improved fiscal and administrative procedures has won increasing acceptance in Latin America. Economic growth, social justice and the development of strong democratic institutions must go forward hand in hand, primarily through the efforts of the people in these countries themselves but with the margins of help which the United States can provide through the Alliance for Progress. Freeman can, in ways that Marx, Stalin, and Castro never dreamed, meet the just aspirations for a better life for the people of this hemisphere through cooperation, sacrifice, and a willingness to change the ways of the past.

Mr. Chairman, the aims of the people of the Dominican Republic are the aims of people everywhere. They seek to shape their own destiny through the

right of self government. They seek peace, stability, and security. They seek increasing economic opportunities for themselves and broadened educational opportunities for their children.

The people of the United States share these same goals. The goals of both peoples are in keeping with the aims of the Alliance for Progress.

That is why I strongly support the actions being taken by President Johnson in the Dominican Republic to restore constitutional government to that nation. That is why the United States must give its full support to the Dominican Republic as it seeks to climb out of the pit of despair and to move along pathways illuminated by the bright hopes of the Alliance for Progress.

Mr. GALLAGHER. Mr. Chairman, perhaps at this section where we are concerned with the Alliance for Progress it is a time to express that the greatest aid we export is still our ideals.

The tragic events of the past 4 weeks draw all of our attention and all of our sympathy to the people of the Dominican Republic. They have had 4 weeks of conflict, death, destruction, and personal deprivation, including hunger.

I am proud that President Johnson, the U.S. Government, and the people of the United States, acted promptly and decisively in that crisis in the Dominican Republic.

We saved lives by evacuating more than 4,000 foreigners, including more than 2,000 U.S. citizens. When responsible authorities in Santo Domingo said they were no longer able to provide reasonable protection, we moved them out.

We sought to preserve democratic liberties in Santo Domingo. When the public order broke down and civil war and political maneuvering for position produced chaos which skilled Communists tried to exploit as a means to power, we acted to thwart the Communists. We sought a cease-fire. We sought to restore the conditions in Santo Domingo to normal. We sought to find a basis for a single civil government. We sought to restore favorable economic conditions.

We acted within the Organization of American States. For each one of the actions that we have taken to solve the Dominican crisis and to restore normal conditions there, we had the necessary two-thirds majority of the meeting of consultation of the Foreign Ministers of the OAS. For many actions—of a humanitarian nature—we have had unanimity in the meeting of consultation. A majority of the American Republics have sent supplies of food and medicine or medical personnel to help the Dominican people.

This tragedy in the Dominican Republic has given this hemisphere a most valuable tool for keeping the peace in the future. I refer to the Inter-American armed force, which was established by the OAS Meeting of Consultation and which is now on hand in Santo Domingo. This force is under the command of a distinguished Brazilian, General Panasco, and so far, six nations—the United States, Brazil, Costa Rica, El Salvador, Honduras, and Nicaragua—have contrib-

uted forces to it. Others will contribute forces too. When their work of keeping peace and order is finished, the IAF will leave the Dominican Republic. But the IAF may stand as a shield of peace and democracy for the generations to come.

Finally, the people of the United States and the Dominican Republic want the same things.

We both want peace, prosperity, and progress.

These desires and hopes of both our peoples are identical with the aims of the Alliance for Progress.

The people of the United States should, and I believe will, give full support to the people of the Dominican Republic in restoring normal conditions and resuming the paths set forth by the Alliance for Progress.

(Mr. BENNETT (at the request of Mr. MORGAN) was granted permission to extend his remarks at this point in the RECORD.)

Mr. BENNETT. Mr. Chairman, I rise during this annual debate on the foreign aid legislation to lay before the House a suggestion which I have supported for many years.

That is the separation of the economic and military aid portions of the foreign aid bill. I am a strong advocate of the military program being placed in the Department of Defense's annual request to Congress and this being worked upon by the appropriate authorization and appropriations committees in the defense field in the House and Senate.

This suggestion merely means that military authorities in Congress would be studying this program from beginning to end with the same careful scrutiny and austere standards now given our \$50 billion annual domestic defense expenditures.

For the last decade the Department of Defense has had this view that the economic and military items in the foreign aid bill should be separated. This position was never more forcibly presented than in March of this year when Secretary of Defense McNamara testified before the Senate Foreign Relations Committee.

Secretary McNamara testified:

I believe it is a mistake to lump together the economic aid and military aid in a single bill. I do believe that it confuses the public. There is no question in my mind but what military aid is far more comparable to the other items of the defense budget than it is to the economic aid, and it ought to be considered in relation to the defense budget.

I have criticized the foreign aid program of our Government in the way it has been directed, and this criticism is felt by millions of Americans and by a large portion of Congress.

It makes sense to me, and to all Americans, I believe, to support with military aid the friendly, freedom-seeking nations on the periphery of the Sino-Soviet bloc. They are under threat of the Communist bloc and they represent the majority of all military assistance in the foreign aid bill.

However, the economic portion of the aid bill is subject to serious question and debate and criticism. We need only to look at one prime example: Indonesia.

Every schoolboy knows where President Sukarno told the United States where it could go with its aid. This sort of situation puts in doubt the whole aid program.

This creates a distortion of what our aid program has accomplished through the years. There has been in fact much mismanagement and not enough control on our dollars at a time when we need great control on all funds leaving this country. The foreign aid program is a tremendous financial outlay and a great drain on the country's fiscal strength. In this respect, I believe the discussion to curtail all foreign aid in the next several years is well founded, and should be seriously considered by the Congress and the President.

If this should happen, we would still need to help those friendly allies in training and equipping armies for the defense of the free world.

There is no better time than now to separate the economic aid from the military aid in the foreign aid legislation, and I urge that this action be taken by the President and the Congress.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Chapter 3—International organizations and programs

SEC. 105. Chapter 3 of part II of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Amend section 301(c), which relates to assistance for Palestine refugees in the Near East, by adding at the end thereof the following: "Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000."

(b) Amend section 302, which relates to authorization, by striking out "1965" and "\$134,272,400" and substituting "1966" and "\$144,755,000", respectively.

Chapter 4—Supporting assistance

SEC. 106. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out in the first sentence "1965" and "\$405,000,000" and substituting "1966" and "\$369,200,000", respectively.

Chapter 5—Contingency fund

SEC. 107. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) as follows:

(1) Strike out "1965" and "\$150,000,000" and substitute "1966" and "\$50,000,000", respectively.

(2) Add the following new sentence: "In addition, there is hereby authorized to be appropriated to the President for use in southeast Asia such sums as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act in accordance with the provisions applicable to such programs if he determines such use to be important to the national interest: *Provided*, That the President shall present to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives the programs to be carried out from funds requested by the President to be appropriated under authority of this sentence."

(b) Amend subsection (b) by striking out "this section" and substituting "the first sentence of subsection (a)".

PART II

Chapter 2—Military assistance

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 503(b), which relates to general authority, by striking out the words "in foreign countries".

(b) Amend section 504, which relates to authorization, by striking out "1965" and "\$1,055,000,000" in the first sentence and substituting "1966" and "\$1,170,000,000", respectively.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: ", or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic development effort."

(2) Strike out subsection (b) and redesignate the proviso of subsection (a) as subsection (b).

(3) In redesignated subsection (b), strike out "Provided, That except" and substitute "Except"; strike out "or (2)" and substitute ", or (2) for civic action assistance, or (3)".

(d) Amend section 507, which relates to sales, as follows:

(1) In subsection (a), insert the following new sentence between the second and third sentences: "Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization."

(2) In subsection (b), strike out the period at the end of the first proviso, substitute a colon and add the following: "*Provided further*, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization."

(e) Amend section 508, which relates to reimbursement as follows:

(1) After "this part" the first time it appears, insert "have been or".

(2) After "United States Government," the first time it appears insert "receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected".

(3) Strike out "the current applicable appropriation" and substitute "a separate fund account".

(4) Strike out "furnishing further military assistance on cash or credit terms" and substitute "financing sales and guaranties, including the overhead costs thereof".

(f) Amend section 509(b), which relates to exchanges and guaranties, by inserting "(excluding contracts with any agency of the United States Government)" in the second sentence between the last word thereof and the period.

(g) Amend section 510, which relates to special authority, as follows:

(1) In subsection (a), strike out "1965" each place it appears and substitute in each such place "1966".

(2) In subsection (b), strike out "to the President".

(h) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out "programs described in section 505(b) of this chapter" and substitute "civic action requirements".

(2) Strike out "1965" and substitute "1966".

AMENDMENT OFFERED BY MR. MORGAN

Mr. MORGAN. Mr. Chairman, I offer an amendment which corrects a drafting error.

The Clerk read as follows:

Amendment offered by Mr. MORGAN: Page 12, line 25, immediately after the quotation marks and before the period, insert the following: "; and strike out 'available for military assistance'".

Mr. ADAIR. Mr. Chairman, I think it would be appropriate for the chairman of the committee to explain in a few words the effect of that amendment.

Mr. MORGAN. I would be glad to.

If the gentleman will turn to page 12 of the bill, this was a clerical drafting error. What we are doing is just reinserting the words that were left out.

Mr. ADAIR. So the committee may understand that this is simply a drafting matter and not substantive.

Mr. MORGAN. Not substantive; that is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

The Clerk read as follows:

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out "ITEMS" and substitute "CERTAIN ITEMS AND FUNDS".

(2) Add the following new subsections:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account

used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose."

(b) Amend section 612, which relates to use of foreign currencies, by redesignating subsection (c) as subsection (b).

(c) Amend section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, as follows:

(1) Amend the section heading to read as follows:

"PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—"

(2) In paragraph (2) of section 620(e), which relates to the application of the federal act of state doctrine, strike out "January 1, 1966" and substitute "January 1, 1967".

(3) In section 620(1), which relates to the prohibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsection:

"(n) Until the President determines that North Vietnam has ceased all efforts to overthrow the Government of South Vietnam, no funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,
"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam."

AMENDMENT OFFERED BY MR. CRAMER

Mr. CRAMER. Mr. Chairman, I offer an amendment.

The Clerk reads as follows:

Amendment offered by Mr. CRAMER: Page 14, immediately after line 20, insert the following:

"(1) In paragraph (1) of section 620(a), amend the first sentence by inserting immediately before the period at the end thereof the following: 'Provided, That it is the sense of the Congress that so long as Cuba is exporting communism to any other country it is against the national interest of the United States to furnish assistance to the present government of Cuba or to any other country which furnishes assistance to the present government of Cuba.'"

And renumber the following paragraphs accordingly.

Mr. MORGAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MORGAN. Mr. Chairman, I understood the Clerk had read line 6 of page 16.

The CHAIRMAN. The Chair will state that the gentleman from Florida was on his feet and seeking recognition.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the Clerk reread the amendment.

The CHAIRMAN. Without objection, the Clerk will rereport the amendment.

The Clerk rereported the amendment.

Mr. CRAMER. Now, Mr. Chairman, this amendment is very simple. The objective of it is quite simple but very essential. There should be no question in the mind of anyone sitting in this Legislative body that there is being exported from Cuba communism, particularly after the debacle we have seen and the problems we have seen, and the dying of American boys in the Dominican Republic to try to stave off, as the President himself said, the Communist takeover of that uprising that is Cuban inspired.

Mr. Chairman, there was named not one, not 10, not 15, not 20, but 65 known Communists in the Dominican Republic uprising, most of whom were trained in Fidel Castro's Communist stronghold in Cuba.

Mr. Chairman, is there any question about the evidence that communism is being exported from Cuba today and that American boys are dying as a result of it?

Mr. Chairman, what are we going to do about it? What are we in the Congress of the United States going to do about cutting off the exportation of communism from the country that is the fountainhead and which will continue to be the fountainhead of communism in this hemisphere, unless we take affirmative, positive steps to do the job that needs to be done in order to get rid of Communists in Cuba itself?

Mr. Chairman, the members of the Committee on Foreign Affairs are familiar with the meeting that took place in November of last year, the most significant conclave of Communists from Latin American countries representing more countries than at any time in the history of the Western Hemisphere, the meeting in Havana, Cuba, where they planned this thing—this Latin American Communist campaign.

Mr. Chairman, there are going to be more Dominican Republics. Do not kid yourself. There are going to be more of them because the Communists planned them in November of last year and they are going to hold another meeting in the near future. They announced what their blueprint is.

Mr. Chairman, their blueprint is that any time there is an uprising, any time there is a problem, in the first place, they are going to encourage it, and in the second place, if they do not encourage it, when it happens they are going to come in and try to take it over as a Communist movement. There is not any question about it. They are not kidding about this situation. They have a blueprint, they have a plan, and the Dominican Republic is just the symptom of the disease, the symptom—one symptom—of the disease. Mr. Chairman, what is the disease? Castro's Com-

munist Cuba. Cuba is from where the Communist cancer is spreading.

Now, Mr. Chairman, what does this amendment propose to do? I am sure that many Members on this floor, when the issue was up before this House previously, in 1963, remember that the gentleman from Florida now in the well tried to make it mandatory that trade be cut off and that no aid go to any country that trades with Cuba.

Mr. Chairman, my amendment failed and trade has continued. There are all sorts of loopholes in the present trade policy. Everyone has read where locomotives are going to Cuba, heavy machinery is going to Cuba, and has read where other nations that get our aid are sending equipment and materiel and are trading with Cuba.

Mr. Chairman, the reason that there is a loophole is because of the language contained in the present law, which this proposed amendment is designed to amend and which states as follows:

No assistance shall be furnished under this Act to the present Government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present Government of Cuba unless the President determines that such assistance is in the national interest of the United States.

What does my amendment do? It is very simple. It directs, it will help do the job, it will put the Congress on record as saying we want no more Dominican Republics emanating from Castro's Cuban Communist headquarters.

Today I read in the paper where the President has sent FBI agents to the Dominican Republic for the purpose of determining for the OAS and for the entire world to know that Communist activities exist down there; that they emanate from Cuba, thus proving, I hope, to this Congress and to the world that we intend to do something about it. Here is the tool to do it with.

The CHAIRMAN. The time of the gentleman from Florida has expired.

By unanimous consent (at the request of Mr. CRAMER) he was allowed to proceed for 3 additional minutes.

Mr. CRAMER. Mr. Chairman, here is the tool. It is very simple. So what do I say? What does the amendment propose? It amends the present law which reads:

No assistance shall be furnished under this act to the present Government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present Government of Cuba unless the President determines that such assistance is in the national interest of the United States.

What does my proviso do? That is all it says:

Provided: That it is the sense of the Congress that so long as Cuba is exporting communism to any other country it is against the national interest of the United States to furnish assistance to the present Government of Cuba or to any other country which furnishes assistance to the present Government of Cuba.

The Congress of the United States has an opportunity now to speak out in no uncertain terms that so far as this body is concerned, and I believe they would be speaking on behalf of the American people, we should not give assistance to

any country because it is against the national interest, and we so determine as the sense of Congress that it is against the national interest to provide assistance to any country that assists Cuba and Castro so long as communism is being exported.

There are many more Dominican Republics coming if we don't act now. This is simply one symptom of the disease in the Dominican Republic and communism, Communist Castro-Cuba is the disease, the cancer. Cut it out, and here is your chance to do something about curing the disease.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I should like to ask the gentleman whether he has any knowledge of U.S. assistance to Cuba. The bill does not provide assistance to Cuba. The gentleman's amendment deletes the provision of presidential determination in the act, does it not?

Mr. CRAMER. Only as it relates to the exportation of communism from Cuba. If Cuba is exporting it, yes, we will cut off all aid to all countries that assist Cuba, and that is the intention of it. We suggest no discretion in the matter. Cuba is exporting communism, as in the example of the Dominican Republic. That is the point. That is the objective of this. This is the way you get at the problem.

Mr. ZABLOCKI. In the case, as we now have in the Caribbean, where Cuba has exported military assistance to certain countries the President's authority to meet such threats would be limited. For example, in the Dominican Republic, would the gentleman's amendments preclude the President from giving assistance to a recognized government in the Dominican Republic?

Mr. CRAMER. No. My amendment goes to countries that aid Cuba. That is what it says, any country that gives assistance to Cuba shall not get a cent from the United States. That is all it does.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Florida has made a very persuasive speech against aid to Cuba and one in which we all certainly concur. No one here wants to give aid or assistance of any kind to Cuba. In fact, there has been no aid or assistance going to Cuba for several years. However, the amendment offered by the gentleman is completely unnecessary.

Section 620 already prohibits aid to the Government of Cuba or to any country that is aiding Cuba. No aid recipients at the present time are aiding Cuba. The sense-of-Congress amendment that the gentleman is advocating is indeed far weaker than the present law and, therefore, I urge that it be defeated. What this amendment does in fact is to take an indirect slap at the United States by trying to say that the President will not have sufficient sense to know when the Communist government comes to an end in Cuba. I have confidence in our President and I think this amendment should be defeated.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. DERWINSKI. I think it is worthwhile to point out that the gentleman is not answering the question. We have written into previous bills language prohibiting aid to Cuba and to countries that aid Cuba. The question is, Is the law being adequately administered and enforced? That is the question before us.

Mr. GALLAGHER. Yes, the law is adequately administered. What this amendment attempts to do is to take a slap at Canada and some of our biggest customers and some of our best allies. In effect, what this sense of the Congress amendment really does is to say that the Congress will make up its mind when the President should make a determination. This House has written into section 620 our full unhappiness and our full displeasure with the Communist regime in Cuba. There is no aid going to Cuba. There is no aid intended and I think this amendment is superfluous.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. CRAMER. But there is aid going to countries that are assisting Cuba. Now it is bad enough if communism stays in Cuba. That is bad enough. But now they are exporting it openly and notoriously and the time has come to take away all assistance to all countries aiding Cuba under these circumstances and this is the sense of the Congress contained in my amendment.

Mr. GALLAGHER. The gentleman from Florida has a unique way of saying things that have been going on for years as if they were something new and novel.

Mr. CRAMER. Yes, but American boys have not been killed in the process of exportation of Cuban communism and they are being killed today in the Dominican Republic.

Mr. GALLAGHER. That has nothing to do with this amendment and the gentleman knows it.

Mr. CRAMER. It certainly does.

Mr. GALLAGHER. If you want to make a speech along those lines, that is one thing—but we are talking about foreign aid.

Mr. CRAMER. Will the gentleman yield further?

Mr. GALLAGHER. No, I cannot yield further to the gentleman.

As I was saying, the foreign-aid bill already prohibits all that the gentleman refers to, and his amendment is completely unnecessary, and it is far weaker than the language of the present law.

Mr. CRAMER. The gentleman is incorrect, and he knows he is incorrect. It is stronger.

Mr. GALLAGHER. Mr. Chairman, I did not yield to the gentleman.

Mr. Chairman, this amendment is unnecessary, since it is already written into the law of the land that no aid shall go to the Government of Cuba or to any country aiding Cuba.

Mr. McDOWELL. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, this is an argument that has taken place on this floor for many years in considering this legislation, our foreign-aid legislation. The gentleman from Florida very cleverly camouflages his real intent and purpose in his amendment. There is no disagreement that all Members of Congress are opposed to communism. We do not want any part of the Government of this country to conduct any relations with or trade with Communist Cuba, and we condemn the exporting of communism from Cuba to any other Latin American country or to any other country. There is no question about this. The amendment is a direct attack upon the authority of the President of the United States to act under the Constitution of the United States in his direction of our foreign policy. It has no other purpose, and it can have no other purpose than to deny to the President his right to act. This is the issue involved here, and there is no other issue involved. Do you, as the Constitution provides, want to grant the right of the President of the United States to reasonably conduct our foreign policy, or do you want to transfer that authority here to the House of Representatives and to the Congress?

Mrs. BOLTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wanted to ask the gentleman from Delaware whether we have all forgotten that originally the power was given to the people. We represent the people.

Mr. McDOWELL. Mr. Chairman, will the gentlewoman yield to me, to reply?

Mrs. BOLTON. I am glad to yield to the gentleman from Delaware.

Mr. McDOWELL. I do not believe that the gentlewoman, who I know accepts so well her full responsibility as a Member of this body, seriously would question the right of any Member of the Congress to exercise his full authority to represent the people of this country, but I remind the gentlewoman also that the people of this country do elect the President and I believe the people of this country believe in constitutional government for the Congress and for the President.

Mrs. BOLTON. The gentlewoman from Ohio would like to state to the gentleman from Delaware that we do recognize that fact, but we do not sidestep our responsibility.

Mr. GALLAGHER. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I should like to point out to my distinguished colleague that it was the gentlewoman who helped to write the language in section 620, which provides for the very things she has been discussing—our firm determination that no aid go to Cuba, our firm determination that any assistance be cut off. The gentlewoman, in conjunction with our distinguished chairman, helped to write the language in section 620.

Mrs. BOLTON. I should like to suggest to the gentleman and to the House that, among other things, we agreed there should be nothing exported by way of communism to South America. It has been constantly exported. It is

growing in leaps and bounds in many of those countries. I believe we are sidestepping the responsibility which is ours, not only to the people of this country but also to the whole free world.

Mr. HALL. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I am glad to yield to the gentleman from Missouri.

Mr. HALL. I should like to confirm everything the gentlewoman from Ohio has said. I certainly wish to add that the purpose of the amendment is to say it is the consensus of this body to advise with the President in whatever powers he may have.

Finally, I should like to ask the gentleman from Delaware [Mr. McDowell] to point out in what place in the Constitution, which I hold in my hand, there is delegated unto the President the determination of the foreign policy of the United States?

Mrs. BOLTON. I believe that is one of those things very much misunderstood about the Constitution. I believe the gentleman from Missouri [Dr. HALL], is quite correct in saying that the Constitution does not delegate everything to the President. We still have a responsibility not only to ourselves but also to the free world.

Mr. McDOWELL. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I am glad to yield to the gentleman from Delaware.

Mr. McDOWELL. In reply to the suggestion that this country has not fully lived up to its obligations in preventing the export of communism from Cuba to other Latin American countries, and I suppose the suggestion that this is a responsibility of the President, does the gentlewoman not believe that the President has fully exercised his responsibility in regard to policy in respect to the Dominican Republic?

Mrs. BOLTON. I believe the President has been very ill-advised. Certainly in respect to Cuba we could have done much better.

Mr. GALLAGHER. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from New Jersey.

Mrs. GALLAGHER. I thank the gentlewoman.

The fact of the matter is that the argument we are now having has nothing to do with the amendment. All of it is in the language of section 620, if anyone cares to read it. The language of the amendment, indeed, is weaker than the language already in the bill.

Mrs. BOLTON. All I wish to say is that I do not consider it weaker. I believe it is 100 percent stronger.

Mr. CRAMER. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Florida.

Mr. CRAMER. Without this amendment the present language in the legislation is directed toward Cuba remaining a Communist country. The amendment I have offered provides that it is the sense of the Congress that, now it has been proved communism is not only in Cuba but is being exported to other countries, we should do something about this too.

Mr. HAYS. Mr. Chairman, I move to strike out a sufficient number of words.

Mr. Chairman, I had not intended to say anything on this bill. I have not been too happy with some of the things done recently in the name of foreign aid, although I have supported it in the past. But this argument during the last few minutes seems to me to have gotten so ridiculous that somebody ought to set the RECORD straight.

The statement has been made here within the past 5 minutes that it is the fault of the Congress, somehow or other, or of the United States, because Cuba is exporting communism. Then someone asked the question and said, "Well, do you not think that the President exercised his responsibility in the Dominican crisis?" The answer was that, "I think he has been badly advised," which points out what I am trying to say; namely, there is pretty much, on the part of some people, of a dog-in-the-manger attitude. If anything goes wrong in Latin America, it is our fault, and if we try to do anything about it, then the President has been badly advised.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Yes. I will be glad to yield to the gentlewoman from Ohio.

Mrs. BOLTON. I am very happy that the gentleman will yield to me. I have no intention of letting that ride. Because I have no such intentions, I think that we all had better look at our whole past, particularly in the last few years, with keener eyes and with a deeper understanding of the far-reaching implications of everything we do. I think we have not done so and, as a matter of fact, I was not speaking of this President but I was speaking particularly of the assassinated President, who was very sadly at fault there and knew it and said so.

Mr. HAYS. May I say to the gentlewoman from Ohio that the question was, "Do you not think that the President has exercised his responsibility in the Dominican crisis?"

Mrs. BOLTON. I did not hear the words "Dominican crisis." There was too much noise.

Mr. HAYS. Then, it is a pretty good thing that I am setting the record straight for the benefit of my friend from Ohio.

Mrs. BOLTON. I think that is splendid, and I thank you.

Mr. HAYS. The record now is presumably that the President did exercise his responsibilities in the Dominican crisis.

It is fine to look at all of the things we have done with great care, but looking at all of the things we have done with great care is not going to prevent things from happening in the future. As far as I am concerned, I am for what the President did in the Dominican Republic. I hope that they do not force any compromise on anybody that is going to put any fellow in power in the Dominican Republic who has gone south with money from the Dominican bank, as the papers allege the man we are talking about now has done. I think we have to look at this whole picture from the overall view. I told the President not 3 months ago

that it was fine he was getting the backing he was in the Vietnamese crisis. I said, "I am sure you will get that until about 90 days before the next election." I said that because I was here when we had the Korean crisis. Then the question will be asked about who is killing our boys and this will suddenly become Johnson's war.

While I am on this subject, let me say that I made a Memorial Day speech this past Sunday. This town celebrated it a week ahead of time, and I had no knowledge of what the distinguished Member of the other body who has been vocal in his support of the President was going to say out in Illinois. However, I told these people I was happy that the chief supporter of the President's policy was the distinguished gentleman from Illinois. While I was making that speech, I am told by one of my colleagues that this supporter was in Illinois making a speech saying, "I would like you people to remember that there was not a single American killed in Vietnam during the 8 years of General Eisenhower's administration." Well, that is not exactly true, either. Since I am in the process of straightening up the record, let me say that we got into the Vietnam thing not under the previous assassinated President or this President but under General Eisenhower, and we have been in it since. I am not blaming him. I think General Eisenhower did the right thing by going in there. I would point out to you that we have been in there over 10 years, and as of today our casualties—and I regret every one of them, because I know what heartache this brings to a family—are still fewer than they will be on this coming Memorial Day weekend on the highways.

The French, who were there 10 years trying to reimpose colonialism on the Vietnamese, had 140,000 casualties. So while this is a can of worms and we have not been the most brilliant in the handling of it, at least in our method of handling, from the casualties standpoint, has been superior to that of the French.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. Hays] has expired.

(Mr. HAYS asked and was given permission to proceed for 2 additional minutes.)

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. GERALD R. FORD. Mr. Chairman, as long as we are in the process of allegedly straightening out the record, the gentleman implied that we had not participated or been involved in Vietnam prior to the time of President Eisenhower. I am sure the record will indicate that under Mr. Eisenhower's predecessor we inaugurated our MAAG—Military Advisory Assistance Group—in South Vietnam and contributed substantial economic assistance to South Vietnam under the Truman administration.

Mr. HAYS. That is right; assistance to the French in Vietnam. The point I am making is that when the French pulled out—and I say I thought our decision was the right decision—we decided to step in and carry the whole load. All I am asking is that when the blame

is assessed in the next political campaign that everybody go back and read the complete record. I will say to the gentleman that I am not disputing at all what he says.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. GALLAGHER. I do not think it would be fair to leave the remarks hanging as they are concerning our late assassinated President. Let us also include in the RECORD that our late assassinated President, the great John Kennedy, inherited Cuba and Castro.

Mr. HAYS. Oh, yes. It was not under his administration that Castro made his pilgrimage through the United States and appeared before the Press Club with two wrist watches on his hand, one pointing this way and one pointing the other way. When he was asked why he said—and that is when I knew that he was nutty from that day on—he said he did not have to turn his wrist to look at it. Obviously, he would have to turn his wrist to look at either one of them.

Mr. GROSS. Mr. Chairman, I move to strike out the necessary number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would like to get the discussion back on the track of the proposed amendment. I would like to ask the gentleman from New Jersey what happened under this law that he has referred to so many times and which is supposed to have been so effective? How does it come that the Europeans have been supplying Castro and Communist Cuba with buses, with locomotives, with sugar-processing machinery and all that sort of thing? Why has not this been stopped under the law he cites if it is so effective?

Mr. GALLAGHER. Yugoslavia and Canada sent the supplies, countries that do not get aid under the bill. Therefore I might say—

Mr. GROSS. Just a minute, now; the gentleman knows—

Mr. GALLAGHER. The gentleman wanted an answer and I wanted to give him an answer.

Mr. GROSS. The gentleman gave me an answer and referred to the Communist countries. I am talking about the non-Communist countries that have been supply Castro.

Mr. GALLAGHER. If the gentleman will let me finish, since when are France and Canada Communist?

Mr. GROSS. I said the non-Communist countries who have been supplying Castro.

Mr. GALLAGHER. Well, the United Kingdom does not get aid. Aid was cut off from them.

Mr. GROSS. Just a minute, Mr. Chairman.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes.

Mr. GALLAGHER. I would like to answer the question, since the gentleman has yielded.

Mr. GROSS. The gentleman is saying that no non-Communist countries have been supplying Castro with anything of benefit to him?

Mr. GALLAGHER. I did not say that at all.

Mr. GROSS. Then what is the gentleman saying?

Mr. GALLAGHER. I am saying that the countries that supplied Castro were Yugoslavia, to some extent, and Canada to some extent, France and the United Kingdom, who sent some buses. They do not get aid from the United States. Therefore, under 620 all countries that have been getting aid do not supply him and do not give any aid or assistance to Cuba under the provisions of 620, which expresses the sense of the Congress.

Mr. GROSS. Does the gentleman recall that not long ago we put up a substantial part of \$3 billion to prop up the pound sterling, to help the British save the pound sterling from collapse?

Mr. GALLAGHER. This does not have a thing to do with this bill.

Mr. GROSS. It may have nothing to do with this particular law but what I am trying to point out to the gentleman is that this law is not effective. It has not been effective, and the gentleman knows it.

The amendment which has been proposed by the gentleman from Florida would make it effective.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. No. The gentleman has had plenty of time. Let me say something else.

Mr. Chairman, the subject of the secret Communist meeting in Havana last November was brought up a little while ago in speaking of the administration's handling of foreign policy.

Do you know that testimony before our subcommittee revealed how the U.S. Government learned of this meeting in Havana, which was attended by Communists from every Latin American country?

Mr. Chairman, the U.S. Government discovered that this meeting had been held through an item in a Bolivian newspaper. With all of our vaunted intelligence, and with these emissaries of the Communists going from every Latin American country to Havana, this administration knew nothing about the meeting until it had been held.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. Is it not a fact that the law to which and about which the gentleman from New Jersey has spoken so highly allows the President to deny aid to nations which allow its shipping to be used in sending goods and materials to Cuba. Is it not true that Greece, a country which receives aid, and has ships which have taken aid to Communist Cuba?

Mr. GROSS. Yes, and Greece is not labeled as a Communist country.

Mr. RHODES of Arizona. If the gentleman will yield further, I think there have been several others. Certainly the gentleman's point that this language has not been efficacious is well taken.

I would like to also make this point, if I may: I assume in writing this bill that the gentleman from New Jersey [Mr. GALLAGHER], and others, have tried to make the language which appears on

page 15 with regard to trade with North Vietnam as strong as possible. At least, I do not know why they would not want the prohibition of aid to nations helping North Vietnam as strong as possible. If the point of the gentleman from New Jersey is correct, that the language now in the law dealing with Cuban imports is stronger than the language dealing with Vietnam, why do we not substitute the stronger language for that now appearing in the bill?

Are we going to be weak in prohibiting our aid recipients to aid North Vietnam?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield briefly to the gentleman from New Jersey.

Mr. GALLAGHER. Greece is now complying with the provisions of 620 and, therefore, it is effective.

Mr. GROSS. You hope it is, but the facts are that Communist Cuba is getting help from our so-called free world friends and everyone knows it.

Mr. GALLAGHER. Mr. Chairman, if the gentleman will yield further, if the gentleman wants to get the discussion back on the track, none of this discussion has had anything to do with this amendment. It was all very interesting, but the fact of the matter is that it did not have anything to do with the proposed amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. CRAMER].

The question was taken and the Chairman announced that the yeas appeared to have it.

Mr. CRAMER. Mr. Chairman, I demand tellers.

Tellers were ordered and the Chairman appointed as tellers Mr. CRAMER and Mr. GALLAGHER.

The Committee divided, and the tellers reported that there were—ayes 58, noes 133.

So the amendment was rejected.

The Clerk read as follows:

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended, as follows:

(a) Amend section 622, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), immediately after "military assistance" insert "(including any civic action and sales program)".

(2) In subsection (c), immediately after "military assistance program" insert "(including any civic action and sales program)".

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (b), strike out "paragraph (3) of" and "of the officers provided for in paragraphs (1) and (2) of that subsection", and substitute for the latter "of one or more of said officers".

(2) In subsection (d), strike out "Public Law 86-735" wherever it appears and substitute "the Latin American Development Act, as amended".

(c) Amend section 625(d), which relates to the employment of personnel, by striking out "twenty" in paragraph (2) and substituting "fifty".

(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

(e) Amend section 630, which relates to terms of detail or assignment, by inserting

"benefits" after "travel expenses", in paragraphs (2) and (4).

(f) Amend section 635(g), which relates to general authorities, by inserting "and sales" after "loans" in the introductory clause.

(g) Amend section 636, which relates to provisions on uses of funds, as follows:

(1) In subsection (e), strike out "section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)" and substitute "section 301 of the Dual Compensation Act (5 U.S.C. 3105)".

(2) In subsection (f), strike out "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes" and substitute "Latin American Development Act, as amended".

(h) Amend section 637(a), which relates to administrative expenses, by striking out "1965" and "\$52,500,000" and substituting "1966" and "\$53,240,000", respectively.

(i) Amend section 638, which relates to Peace Corps assistance, by striking out all beginning with "; or famine" and substituting a period.

(j) Add the following new section 639:

"SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief."

AMENDMENT OFFERED BY MR. THOMSON OF WISCONSIN

Mr. THOMSON of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMSON of Wisconsin: On page 17, immediately after line 2, insert the following:

"(3) At the end of subsection (d), add the following new paragraph:

"(8) Notwithstanding any other provision of law, any officer or employee of the United States performing end-use audit or end-use inspection activities outside the United States in connection with programs with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection, shall be subject to the control and direction of the Inspector General, Foreign Assistance, and shall report directly to him on their activities. Each agency of the United States Government shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph, including but not limited to the submission to the Inspector General, Foreign Assistance, of written notification of every assignment of an officer or employee to perform activities referred to in the first sentence of this paragraph. This paragraph shall not apply to the General Accounting Office nor to any officer or employee thereof."

Mr. THOMSON of Wisconsin. Mr. Chairman, this amendment proposes an extension but a very necessary addition to the authority of the inspector general, who I think is doing an excellent job. The problem today is that the end-use investigators and the end-use inspectors who are trying to find out whether the money from the American AID program has been used in accordance with the law are working under the ambassador or the mission chief in the country that is the recipient of the aid. About 3 years ago we had a glaring example which was brought out by the Porter-Hardy committee of an end-use investigator who had found out that American aid money was going into a Russian institution that was being constructed in Cambodia, and because he had the temerity to appear before the committee and testify to those facts, he lost his job. I think that the end-use investigator should be respon-

sible not to the mission chief but to the inspector general in Washington, D.C., and to the American taxpayer.

The record is replete with countries that received illegal money and improperly used money. One of the worst ones is Cambodia. Cambodia still owes us more than \$2 million because of improperly used money. Bolivia owes us \$1,400,000. The Dominican Republic owes us \$1,471,000 because of improperly used money. The Philippines owe us more than a million dollars. India owes us \$1,800,000. Pakistan owes us \$1,400,000. Spain owes us \$1,300,000.

I attribute much of this to the fact that the end-use investigators are too much obligated to the mission chief or to the ambassador who is trying to curry favor with the nationals of the country in which they are stationed. I think it would be to the great interest of the American taxpayer and to this program if we can tighten up the use of that money and insure that it is being properly used because I am convinced that much of the criticism of this program comes from the fact that money is being spent for lipstick and deodorants and sex stimulants and things of that kind which irritate the American taxpayer.

If my colleagues will read the debate on this bill last year, you will see the references to that and it may seem humorous to some but when it runs into millions of dollars, I think it is certainly unnecessary and reprehensible that it is permitted by this Government.

Just yesterday I pointed out in the report of the Comptroller General of April 29 about AID money going for railroad equipment to build a railroad bed. The equipment cost \$543,000 and they sent the equipment over to Turkey after the roadbed had been constructed.

When it was pointed out that they did not need the equipment for construction, the AID Agency insisted that they leave the equipment there for maintenance. But the Comptroller General pointed out that, even so, the Agency files indicate that, for the most part, the equipment may not be needed for maintenance of the project.

This is an incredible situation pointed out by the Comptroller General, who says:

We found that the Agency's organizational unit responsible for the postaudit of Agency-financed purchases and initiation of any appropriate refund action was not made aware of the ineligibility of the construction equipment questioned in this report.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wisconsin. I am glad to yield to the gentleman from Florida.

Mr. FASCELL. First let me say that I agree with the gentleman as to the necessity for end-use determination. I do not believe there is any quarrel about that. I am trying to decide whether the amendment would, by placing the end-use investigator under the direct supervision of the Inspector General, as I understand it, take the investigator away from the chief of mission or from the Ambassador.

Mr. THOMSON of Wisconsin. It would make him responsible directly to the Inspector General. It would eliminate his dependence for his position and the assurance of his continuation of his efforts on the mission director or on the Ambassador. I am very hopeful that the chairman of the committee, who instituted the Inspector General, will accept this amendment as a proper extension of that authority.

Mr. MORGAN. Mr. Chairman, I am very sorry to inform the author of the amendment that I rise in opposition.

It is true what the gentleman said; I am the author of the provision in existing law which created the Inspector General. When that office was created by amendment in the AID bill 4 years ago, I fully intended that the Office of the Inspector General be a compact supervisory but nonoperating organization.

Now, if I remember correctly, the Inspector General's office has about 50 employees. The amendment of the gentleman would add the end-use inspectors in each country. We have a program, let us say, in some 80 countries. If we assume there are 3 or 4 end-use inspectors in each country, this would channel into the Office of the Inspector General 250 more employees. I believe this would interfere with effectiveness of the work of the Inspector General.

We created this office to check up on the inspectors, not to do the inspecting. I cannot see how the amendment would improve making use of the end-use inspectors.

The gentleman knows and I know that since Mr. Bell took over as AID Administrator he has made a real effort to keep track of what is going on in the field and have the end-use inspectors work better. I believe they are doing a better job. I believe that the problems of which the gentleman from Wisconsin spoke are being cleared up.

Therefore, I oppose the amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. May I read from the testimony in the hearings, on page 956. Mr. Thomson of Wisconsin, the author of the amendment, asked Mr. Bell about this particular problem in committee. Mr. Bell's reply was:

The Inspector General has all the staff that he thinks he needs and wants, and can hire more any time he wants. Whether or not he has end-use inspectors, I must insist that my mission directors have end-use—it is my responsibility and that of my mission directors to see that the goods go where they are supposed to go. I would feel it incumbent on me to have end-use inspectors.

Would the chairman agree that the basic issue is whether or not we assume the mission director and the ambassador are trying to run a good, tight, honest program? That is the basic issue. If we so assume, the amendment should be voted down.

Mr. MORGAN. The gentleman is correct.

Mr. GALLAGHER. With respect to the lipstick and other items of interest, to which the gentleman referred, those were found and discovered not by the

gentleman by the AID administration itself. They have since made claims, and are in the process of collecting for those items.

Mr. MORGAN. They were found by the very end use inspectors who are now under criticism by the gentleman from Wisconsin.

Mr. GALLAGHER. Exactly.

Mr. THOMSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. THOMSON of Wisconsin. I would like to point out to the committee and our very distinguished chairman that the report I read from was submitted to this House in 1963 and submitted again in 1964 and it was submitted again on April 29, 1965, because the AID administration failed to do anything for a period of 3 years. The Comptroller General says in that report he will continue to call it to the attention of the Congress. It is only \$543,000 of improperly used AID money, but I think that this House can do a lot more than they appear willing to do in order to tighten this program up in the interests both of this program and of the taxpayers of this country.

Mr. MORGAN. I agree with the gentleman that we should tighten up the program, but I am opposed to our moving the end use inspectors out from under the country missions and putting them under the Inspector General. That is not going to tighten up the program. I think the end-use inspectors are absolutely necessary in their present stations. The mission director and the ambassador, of course, must use end-use inspectors. You have heard the gentleman from New Jersey read the testimony in which the AID director said he must have end-use inspectors in the field under the mission director in order to discharge his responsibilities. The gentleman will create 250 new jobs under the AID agency if his recommendation is approved.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. THOMSON].

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Chapter 3—Miscellaneous provisions

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 18, line 5—

Mr. MORGAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MORGAN. The clerk started to read on page 18, line 13, and the gentleman's amendment refers to an earlier part of the bill.

Mr. DERWINSKI. Mr. Chairman, when the clerk finished reading he was on line 3, page 17. He was not yet at line 13 on page 18.

The CHAIRMAN. The clerk had read through line 12 on page 18 and commenced to read at the proper place.

The Clerk will read.

AMENDMENT OFFERED BY MR. DERWINSKI

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 18, line 5, strike out "\$53,240,000" and insert in lieu thereof "\$51,500,000".

Mr. MORGAN. Mr. Chairman, I reserve a point of order against the amendment.

Mr. Chairman, I just want to state I am not going to insist on my point of order, but if the Members on the other side are going to offer any further amendments to this bill they should be prepared at the proper time to offer the amendments.

The CHAIRMAN. The Chair rules that the gentleman from Illinois was not on his feet and offered his amendment at the time the Clerk started reading. The Clerk read through line 12 on page 18. The amendment is proposed to an earlier section, and therefore the Chair rules that the amendment is not in order.

The Clerk will read.

The CLERK. Page 18, line 13:

Chapter 3—Miscellaneous provisions

Sec. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Amend section 642(a)(2), which relates to statutes repealed, by striking out "143," and all beginning with "Provided," up to the semicolon.

(b) Amend section 644, which relates to definitions, as follows:

(1) In subsection (g), insert ", and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order," after "United States Government" and strike out "as grant assistance".

(2) In subsection (m)(2), strike out "Such price shall be the same standard price" and substitute "Such standard price shall be the same price (including authorized reduced prices)".

(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

(A) In the first sentence, insert "and sales" after "Military assistance".

(B) In the second proviso, strike out "by the military assistance program".

(c) Amend section 645, which relates to unexpended balances, by striking out "Public Law 86-735" and substituting "the Latin American Development Act, as amended".

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 19, immediately after line 16, insert the following:

"(d) Add the following new section:

"SEC. 649. LIMITATION ON AUTHORIZATION OF FUNDS.—There is authorized to be appropriated not to exceed \$1,934,195,000 for the fiscal year 1966 to carry out the provisions of part I and section 637(a) of this Act and, notwithstanding section 610 of this Act, shall be utilized as the President may determine to carry out such provisions. All other provisions of this Act authorizing the appropriation of funds to carry out the pro-

visions of part I and section 637(a) of this Act are repealed."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this amendment would solve some of the difficulties encountered this afternoon by way of checking up on the use of funds in this foreign handout program. All this amendment would do is cut \$1 billion out of the bill. It is just that simple. With that reduction we could begin to get some order out of the confusion that is going on with respect to checking up on how the money is being spent and for what purpose.

The new authorization in this bill is more than \$2 billion; \$2,004 million plus a few odd thousands. Previously authorized \$1.5 billion, and the Alliance for Progress \$600 million, for a total of \$4,104 million.

I do nothing with the military assistance end of this bill which is \$1,170 million. Subtracting \$1,170 million leaves a total of \$2,934,195,000. The adoption of my amendment would take off \$1 billion, leaving \$1,934,195,000 in the bill, which, added to the estimated \$6.2 billion of unexpended funds in the pipeline is more than sufficient.

Mr. Chairman, there are so many faucets in this program of foreign aid that I would not know, and I doubt that anyone else would know, how to reach the separate faucets in order to cut down the flow of cash. So, by force of necessity, we must go to the main stem, to the main valve and twist that down a little bit if we are ever going to phase out this program. No one can tell actually how the money is being spent. Not even the General Accounting Office, as the gentleman from Wisconsin, Mr. THOMSON, has so well said, can ascertain how the money is being spent and for what purposes.

Finally, I think it is high time that in the interest of the taxpayers of this country and in the interest of Congress we break up the monopoly that the United States holds on foreign aid. If we phase this program out, get it down to size, and get out of this business, we can uproot the monopoly that we have had for so many years on dissipating the resources of the U.S. taxpayers all over the world.

Let some of the other countries take over and establish foreign aid monopolies. Let them take over the business of dishing out their cash to foreigners all over the world. I am sure the Democrat Members of the House, being the great antimonopolists they are reputed to be, will want to join me in this effort to bust the world's biggest monopoly of dispensing foreign aid that the United States has had for so long and which has cost the taxpayers so dearly.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I am glad to yield to the gentleman from Indiana.

Mr. ADAIR. Would the gentleman say that his amendment gives a certain

flexibility to the administration in that it permits the administration to decide where it will cut the \$1 billion?

Mr. GROSS. Yes, it gives the administration all the flexibility in the world. It can spend and give priority to any program within the limits of the \$1,900 million that is left.

Mr. Chairman, I would think that the chairman of the Committee on Foreign Affairs, in justice to the taxpayers of this country, in justice to all of us, would arise and accept this amendment without any argument.

That would be a fine way for him to close out this day.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I am glad to yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I know that the gentleman from Iowa and others in the minority have some constructive criticism to make and some guidance for the President.

However, I cannot see just exactly why the gentleman from Iowa selected \$1 billion. Using the gentleman's own argument would it not be better probably in order to break this monopoly to probably cut it by \$2 billion?

Mr. GROSS. No. It would probably take a little time to end this monopoly. Even in the courts, they go through various stages. I am not a lawyer, but I know that charges have to be filed and the lawyers have to prepare their cases. So I am willing to give a reasonable amount of time and money.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. GROSS (by unanimous consent, at the request of Mr. ZABLOCKI) was granted permission to proceed for 2 additional minutes.)

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Indiana.

Mr. ADAIR. I would suggest to the gentleman from Wisconsin [Mr. ZABLOCKI] that if he wants the constructive ideas of the minority, that he refer to the minority views in this year's report, in which we set forth what we thought were some worthwhile suggestions.

Mr. GROSS. On the subject of foreign aid, I forgot to remind the gentleman from Wisconsin and the members of the committee that there is another subsidy to the foreigners that was approved the other day in the matter of artificial and rigged coffee prices. Coffee has gone up some 20 cents a pound since the coffee agreement was entered into and the coffee cartel in London took over. You can just figure that up. Each 1-cent-per-pound increase in the price of coffee adds up to \$31 million in added cost to American consumers. So, on top of all the rest of this money that is being dished out to the various international lending agencies, and on top of this bill, American consumers of coffee are adding another \$500 or \$600 million subsidy to the Latin American countries.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. Yes; I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I do not see any connection whatsoever between the statement that has been made by the gentleman from Iowa and his pending amendment.

Mr. GROSS. What I am trying to say is that they can easily live with this \$1 billion cut, in view of all of the other subsidies and handouts that are being made available to them.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. Sure.

Mr. ZABLOCKI. I would like to reply to the suggestion of the gentleman from Indiana [Mr. ADAIR]. I have carefully read the minority views and I submit that I have found no constructive suggestions in that part of the report. Further, I am not a doctor but it seems to me that if a patient is sick—if the aid program is sick and is suffering from some ailment—we should try to cure him. However, it also appears to me that the suggestions of the gentleman from Iowa [Mr. GROSS] is not to operate on the patient but to shoot him.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Committee feels it would be rather unwise to take out \$1 billion at this time.

Therefore, we oppose the amendment and urge its rejection.

Mr. JOELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the gentleman from Iowa talked about the monopoly we have on foreign aid. Does not the gentleman know that several of our allies have foreign aid programs?

Mr. GROSS. Yes, and a notable one is the State of Israel that entered into a foreign aid program while we were pouring dollars in there to keep them going, and they used our money.

Mr. JOELSON. Does the gentleman know anything about West Germany's foreign aid program at the present time? Does he know that many of our allies are contributing more as to per capita income to foreign aid than we are?

I do not think the gentleman is accurate when he talks about our having a monopoly.

Mr. GROSS. We subsidize them to carry on these foreign aid programs.

Mr. JOELSON. We are not subsidizing West Germany today. West Germany has a very large foreign aid program as well as several other of our allies which are not receiving a penny in foreign aid.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I call the attention of the Members of the House to the fact that this \$1.3 billion cut offered by the gentleman from Iowa, of course, is going to cause a great deal of hardship to the economic part of the foreign assistance program. This cut would affect the Alliance for Progress, the Children's Fund, the International Organizations, and of course the old Point IV operations which are still being carried on.

I think the amendment should be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. VAN DEERLIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this opportunity to direct the attention of the Members of the House to a development in a matter in which we should all be interested.

Mr. Chairman, along with many Members of this House, I intend once again to cast my vote for a foreign aid authorization, in hope that it will strengthen the President's hand in a troubled world.

My conscience tells me to support this legislation even though it may not be widely popular among the people I represent.

But it seems to me that we owe the taxpayers every assurance that their money is being closely accounted for.

Mr. Chairman, much has been made of purported extravagance in the use of foreign aid funds. We rightly insist on the sharpest scrutiny over these expenditures. Yet there is little opportunity for an individual Congressman to ferret out such abuses.

I would rather direct the attention of colleagues to an area in which we certainly can move to prevent abuse—right in our own offices.

On April 22, I introduced H.R. 7572, aimed at making certain that the clerk-hire funds available to congressional offices are paid only to employees on the job here in Washington, or in the Congressman's home community.

Mr. RHODES of Arizona. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from California yield for a parliamentary inquiry?

Mr. VAN DEERLIN. I yield for that purpose.

Mr. RHODES of Arizona. Did the gentleman from California obtain unanimous consent to speak out of order?

The CHAIRMAN. The gentleman has not.

Mr. VAN DEERLIN. I was not aware I was speaking out of order.

Mr. RHODES of Arizona. I do not make the point of order. I just present it as a parliamentary inquiry.

Mr. VAN DEERLIN. I thank the gentleman for this concern.

During House Administration Subcommittee hearings on that bill, it was discovered that my proposal might not be needed. For in passing clerk-hire legislation in the 88th Congress, we had adopted a resolution, House Resolution 294, with the following paragraph:

SEC. 2. No person shall be paid from any clerk-hire allowance if such person does not perform the services for which he receives such compensation in the offices of such Member or Resident Commissioner in Washington, District of Columbia, or in the State or the district which such Member or Resident Commissioner represents.

The terms of that House Resolution 294, 88th Congress, were carried over into the 89th Congress by the passage of House Resolution 7, offered by the ma-

jority leader, the gentleman from Oklahoma [Mr. ALBERT], and passed on the first day of this session.

Mr. Chairman, I understand from press reports that the distinguished chairman of the House Administration Committee, the gentleman from Texas [Mr. BURLESON], has called upon the Clerk of the House to determine whether the regulations on clerk-hire, as prescribed by both the 88th and 89th Congresses, are being or have been violated by any Member.

I hope the Clerk will undertake such a study, and make known his findings to this body in the very near future.

Where improprieties exist, they should be eliminated. The millions of Americans who tend to regard politicians at all levels with cynicism should come to know that the word "Honorable," appearing in front of a Congressman's name, means exactly what it says.

Mr. MILLER. Mr. Chairman, I move to strike out the last word and ask unanimous consent to speak out of the regular order.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MILLER. Mr. Chairman, I seldom like to take the floor twice in one day to make announcements about our space program, but I know it is of great interest and importance to all of you.

Mr. Chairman, NASA—Houston announced today that an astronaut may get out of the Gemini 4 spacecraft during the manned mission scheduled for June 3.

Pilot Edward H. White, if conditions are favorable, will open the right hand hatch of the Gemini 4 spacecraft and float some 25 feet out into space on the end of an umbilical line.

The extravehicular activity is tentatively scheduled for a total of 22 minutes, beginning the second orbit of the flight over Hawaii with nearly 10 minutes of the activity completely outside of the spacecraft.

NASA delayed the decision until today until final qualifications tests could be completed on the spacecraft, space suit, secondary life support patch and umbilical, although planning for such extravehicular activities has been going on since the beginning of the Gemini program.

The Gemini program has three primary objectives: long duration flight, rendezvous and docking and extravehicular activities. NASA associate administrator, Robert C. Seamans, Jr., said:

We have spent a great deal of time planning for extravehicular activities and the decision to include the activity in this mission came after a long series of carefully planned tests of the equipment especially the life support test packs and training of the astronauts. It was only when we were satisfied that these tests were successfully completed that we made the final decision to go ahead.

The first manned mission in the Gemini program was a three-orbit flight March 23 with astronauts Virgil I. Grisom and John Young. The Gemini 4 mission with James McDivitt as the command pilot is scheduled for 62 revolutions over a 4-day period. The mission with the extravehicular experiment

could establish two U.S. "firsts", the longest U.S. space flight and the first extravehicular activity.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Chapter 4—Amendment to the Agricultural Trade Development and Assistance Act of 1954

SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

"No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act."

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to direct an inquiry to the chairman of our committee. In view of the fact, Mr. Chairman, that we have very effectively completed a discussion of this bill without accepting any amendments, would the gentleman care to inform the House of the position the House will take if the other body should pass on a two-year authorization as opposed to our one-year authorization?

Mr. MORGAN. Of course, if the gentleman took the time to read the majority report, on page 3 he would find some clear language outlining the position of the majority as far as the 2-year authorization is concerned. Today when I spoke on the amendment offered by the gentleman from Indiana dealing with the development loan fund, I indicated that with the ending of the long-term authorizations which run out in fiscal 1966, I felt a new look should be taken at these authorizations. I strongly believe it should be a one-year authorization as far as the bill as a whole is concerned. I can see some justification for long-range authorizations for the lending part of the bill, but I certainly will support legislation providing for annual authorizations.

Mr. DERWINSKI. I thank the chairman for his comments.

Mr. ROOSEVELT. Mr. Chairman, I move to strike the requisite number of words.

I should like to refer specifically to the last section which has been read. While I applaud the recognition of a point which many of my colleagues, as well as myself, have been making, that aid to the UAR under the Agricultural Trade Development and Assistance Act must be terminated in the face of increasingly anti-American statements and acts of Colonel Nasser, I am concerned about what might be taken as an ambiguity in the language before us. I should like to ask the distinguished chairman of the committee a number of questions.

First, with reference to the determination as to what is essential in the national interest of the United States, there is, as I understand, no specific criterion

laid down either in the report or anywhere else. I should specifically like to know whether it is the chairman's understanding that this finding will be made public, so that we all may know what is considered essential.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The determination, of course, will be made by the President. There are certain documents of the President which are not made public. I assume, when and if the President makes any determination under this language, that when the Speaker of the House of Representatives and the chairman of the Appropriations Committee and the Foreign Relations Committee of the Senate are informed, some information might be classified. On the other hand, the fact that a determination has been made will be made public.

Mr. ROOSEVELT. I take it from what the gentleman said that this will be a public document. Following that up, will the appropriate Senate committees and the Speaker of the House be consulted in advance of the proposed sale, or be advised of its completion after the fact?

Mr. MORGAN. It has always been the custom for the executive branch, when making a finding of this kind, and there have been a number of cases comparable to that which relates to the United Arab Republic, to brief the committee before a determination is made.

Mr. ROOSEVELT. I thank the gentleman.

With respect to the fiscal year that is described, does that mean the current fiscal year or the coming fiscal year?

Mr. MORGAN. That means the coming fiscal year, 1966.

Mr. ROOSEVELT. If the gentleman does not mind, I should like to refer back to section 101, on page 1, beginning at line 11 and continuing to line 7 of page 2.

I certainly commend the committee for the proposed amendment to section 102 of the Foreign Assistance Act, which I believe makes clear that Congress is deeply disturbed by the incidents of desecration and destruction of American property by mob violence. I should like to know whether the chairman would agree that much of this mob violence occurs because of acts and statements of some of the leaders of these countries. This reflex action goes beyond the borders of the country.

In essence what we are saying—I ask whether the gentleman would agree—is that while we deplore the acts themselves we also deplore anything which incites them in any manner.

Mr. MORGAN. I agree with the gentleman. I am sure that some of the statements made by leaders of these countries have been responsible for riots and destruction of property.

Mr. ROOSEVELT. I thank the gentleman very much.

Mr. FARBSTAIN. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I am glad to yield to my friend from New York.

Mr. FARBSTEIN. I should like to bring to the attention of the gentleman the fact that at a hearing of the Subcommittee on the Near East, at which there was testimony by the Under Secretary of State for the Near East and the Assistant Secretary of the Agency for International Development, I inquired whether we would be informed prior to the determination of how much assistance we were to give to Egypt, rather than being told after the fact, as was suggested. We were told, if I remember correctly, that we would be advised before any aid was to be given, and that any determination they were to make they would inform us about prior to doing so.

Mr. ROOSEVELT. I thank the gentleman. Would the gentleman agree that the import of this section, in essence, is that aid under the surplus food program has now come to an end except for some extraordinary reason in the interest of the United States?

Mr. FARBSTEIN. Yes.

Mr. ROOSEVELT. I thank the gentleman.

Mr. RYAN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I was interested in the exchange between the distinguished chairman of the committee and the gentleman from California [Mr. ROOSEVELT]. I believe that section 401 in the bill does deserve our special attention.

Section 401 amends section 107 of the Agricultural Trade Development and Assistance Act of 1954 by adding:

No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year.

The section also includes a most important provision concerning aid to Nasser:

The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.

The Foreign Affairs Committee deserves commendation for including this important section. I also want to commend our colleague, Mr. FARBSTEIN of New York, for his part in drafting this language. Ever since I have been in Congress, I have been deeply concerned with the fact that the United States aids a country which clearly plans aggression against one of our great democratic friends—Israel. On the floor of the House and in communications to the Secretary of State and the President I have pointed out that our aid to Nasser is inconsistent with our commitment to peace and democracy. This commitment led the Congress to write into the Foreign Assistance Act of 1963 a clause which "is engaging in or preparing for aggressive military efforts directed

against any country receiving assistance under this Act or any other act."

It is clear from the debate that the intent of the Congress was to deny aid to Nasser. Again in 1964 the Congress amended Public Law 480 to provide that no sales shall be made to any country if the President finds such country is "an aggressor in a military sense against any country having diplomatic relations with the United States." Again the clear intent of the Congress was to deny aid to the United Arab Republic.

Nasser is in violation of both the Foreign Assistance Act and Public Law 480. He has continued to foment strife in the Middle East. His self-admitted determination to destroy Israel has not abated. On the contrary, he has accelerated his arms buildup and still receives substantial quantities of highly sophisticated weapons from the Soviet bloc. Nasser has also employed German scientists to work on missile development to aid in his plans for the destruction of Israel. Nasser has incited other Arab states to join in the establishment of the United Arab Command for the purpose of military encirclement of Israel. He has also worked with other Arab countries toward the diversion of the headwaters of the Jordan River.

In addition to his anti-Israel crusade, Nasser is clearly anti-American. His speeches reflect this sentiment. He has accused the U.S. Ambassador of using economic pressure and has told his people that anyone disagreeing with his anti-U.S. attitude "can drink from the sea."

Mr. Chairman, the existing prohibitions against aid to Nasser have never been implemented. I have time and time again asked the State Department for an explanation of the flouting of congressional intent. All I have received is avoidance of the question. It is time for Congress to unequivocally assert itself on this important issue. Appeasement of Nasser must end.

I hope that section 401 will in fact terminate aid to Nasser and that the President will, in keeping with this section, keep the Congress informed on this issue. The record is plain. It is time for plain action.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have supported this legislation for 16 years. I have had some doubts about it from time to time and I have some serious doubts about part of it at the moment, but in voting for or against this legislation you have a kind of tough choice to make. If you vote against it, you vote against all of the money for prosecuting the war in Vietnam. On the other hand, if you vote for it—and this choice occurs in nearly every bill—you vote for some things that you probably think are not right and that you do not like. I had thought I would vote against the bill, and I would probably do so, undoubtedly, if it were not for the money in it for Vietnam, which I think is important and necessary. However, if Congress adjourns at a reasonable time this year for the first time in a long time, I do propose as chairman of the subcommittee

of the Committee on Foreign Affairs on State Department personnel, which includes the AID personnel, to hold some rather searching inquiries about the adequacy of some of this personnel. I think some of the decisions they have made in some of the areas of the world about spending this money have been, to put it mildly, unfortunate. I have gotten the definite conclusion that some of these people in the AID program are more interested in maintaining the bureaucracy at its present high level of employment than they are in doing a job. We would gather from some of the hearings we have been having that some of the Government employee organizations are interested in seeing that everybody in AID stays on the job whether they are competent or whether they are not competent. This organization has been in existence for a long time. In the beginning, under the Marshall plan, when we were operating in areas where we were putting people with high industrial competence back to work, I do not think anybody can deny that if it had not been for this program some of the nations of Western Europe at least, who are not behind the Iron Curtain today, would have been behind the Iron Curtain. When we moved into the underdeveloped areas of the world, it seems to me that imagination was lacking and there was too much of the idea down there, "Well, the program is to pour in money and build more dams and create more work, as we did in Europe, so let us do it everywhere."

I said before and I will say again that in the underdeveloped areas of the world it seems to me that the Peace Corps is doing a better job in a great many respects than the AID program because they are attacking the problem that we are supposed to be attacking, in the basic areas of villages and schools and health and things of that kind.

Mr. Chairman, I hope, if we do have some time this fall, if Congress is not in session, that I can get a reasonable number of the members of my committee together so that we may take a look, a long and sweeping look at this program in some of the underdeveloped countries, not necessarily to go there, but to examine the people who are making the decisions here in Washington and to find out why they made some of the decisions that they have made.

Although I have defended this program and fought for it for 16 years I am not one of those who says that everything they have done is perfect. I do think there is a great area that could be improved upon in our AID program outside the military area.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the necessary number of words.

Mr. Chairman, the first trip abroad that I made was with the distinguished gentleman from Ohio [Mr. HAYS]. That was quite a number of years ago and I shall never forget it. I was proud of being a member of a group headed by the gentleman from Ohio. It was a hard working delegation. I know that when the gentleman undertakes the investigation to which he has referred following

the adjournment of Congress he will do a mighty good job.

Mr. Chairman, that however is not why I asked for this time. Today is the second anniversary of the signing of the Charter of African Unity. I am chairman, as many of you know, of the Subcommittee on Africa. I have a pride, a very deep pride, as has the gentlewoman from Ohio [Mrs. BOLTON], and I am sure all members of our subcommittee, in the progress that has been made in Africa. Each year has been a year of going forward.

I know that on occasion we read in the newspapers bad news from Africa, but by far most of the news is good. It all adds up to a story of real hemispheric progress.

I am happy to note that the second anniversary of the signing of the historic charter in Addis Ababa falls on the day when we are passing in this Chamber the foreign aid bill with fewer storms than it has ever experienced since I have been here.

In my remarks on May 29, 1963, which appear on pages 9298 to 9300 of the CONGRESSIONAL RECORD of that date, I said that the charter of African unity was to be compared to the Articles of Confederation that loosely bound our States together during the Revolutionary War and the critical period which led to the adoption of the Constitution that perfected our Union.

I stated further that I regarded the all-African charter of unity of such importance as a statement of the common objectives of the African nations and the methods agreed upon for the advancement of the interest of an entire continent that I was including in my remarks the full text of the document. Those interested, then, may refer to the CONGRESSIONAL RECORD of that date.

In the 2 years of its existence the Organization of African Unity has served well the causes of the independent nations of Africa. One of the challenges that first came to it was the settlement of a border dispute between Algeria and Morocco, and what might have developed into a war between these neighboring countries was averted.

It sought to bring peace and understanding between warring forces in the Congo, and while in this the full objective was not attained it at least was heartening and reassuring to know that the Africans themselves working within the charter of their own organization were undertaking the solution of African problems.

Mr. Chairman, for myself, for the Subcommittee on Africa, and I think I am safe in saying for the full Committee on Foreign Affairs and for the House of Representatives itself, I extend to all the nations of Africa warm congratulations on the second anniversary of their union and sincere good wishes for the future.

It is the policy of the United States, as I understand it, to abide by the decisions of the African states on the sound reasoning that equitable and lasting solutions of African problems can come only from the Africans themselves.

Mr. Chairman, I hope that my colleagues who have little personal knowl-

edge of Africa, as well as those better informed, will find interest in the African economic assistance program for fiscal 1966, as projected in the bill we are about to pass, and a brief sketch of past accomplishments and future plans.

The total program request for economic assistance to Africa amounts to \$218 million—\$100 million in development lending, \$92 million in technical cooperation and \$26 million in supporting assistance. An additional \$5 million is included in the appropriation for "contribution to international organizations" to continue the presence of essential U.N. personnel in the Congo. The program represents less than a 10-percent increase over fiscal years 1964 and 1965 and substantially less than the \$315 million in fiscal year 1962 and \$261 million in fiscal year 1963. In comparison with the Latin American region—the United States increased its economic assistance to Latin America from \$254 million 5 years ago to an estimated \$610 million for fiscal year 1966. U.S. economic assistance to Africa was \$264 million in 1961, \$46 million more than what is projected for 1966.

While assistance to 32 countries is planned in 1966, two less than in 1965, about 60 percent of the authorized funds are expected to be spent in five countries—Nigeria, Liberia, Ethiopia, Tunisia, and the Congo. Each of these countries is a firm supporter of the Western world, each is important to U.S. interests and for the most part each is characterized by considerable stability.

TECHNICAL ASSISTANCE

Of the \$92 million proposed for technical assistance in 1966, by far the largest amount will be spent in the agriculture and education sectors; \$85 million is required to cover the minimal requirements for carrying forward existing projects leaving just \$7 million either for additional costs of continuing projects or for new ones. As of December 31, 1964, there were in effect \$85.2 million worth of contracts in 30 countries. Eighty percent of these funds were for university and foundation contracts in the education and agriculture fields. For the five countries receiving most of the aid, university contracts in these two fields totaled as follows:

[Dollar amounts in millions]		
		Number of contracts
Nigeria.....	\$17.5	11
Ethiopia.....	10.7	2
Liberia.....	5.0	4
Tunisia.....	.8	1
Congo.....	.4	1

DEVELOPMENT LOANS

The \$100 million for development loans proposed in fiscal year 1966 are intended mostly for capital projects, especially in Nigeria and Tunisia. In all at least 30 proposed loans in some 14 countries are to be considered in fiscal year 1966 covering a wide range of activities—local development banks lending to local private investors, navigational aids and other equipment for civil aviation facilities, expansion of roads, railways and communication and construction of college facilities; as of December 31, 1964, interest collected on loans amounted to \$28.2 mil-

lion in dollars and dollar equivalents and principal repayments of \$5.1 million.

SUPPORTING ASSISTANCE

About \$26 million of the total aid request is proposed for supporting assistance in 1966, a continued reduction from previous levels. The bulk is programed for the Congo where the funds will be used to try to maintain security until that country can reestablish the conditions for longrun development.

POLITICAL AND ECONOMIC DEVELOPMENT

In the political field major recipients of U.S. aid have weathered serious political storms and have built genuine stability.

First. Nigeria—the world's 10th largest country in population—has built a federation of some 55 million diverse peoples, has converted its form of government to that of a republic and has added a fourth region to its original three regions. Last December, Nigeria weathered its first general election since independence in 1960 and came through the experience stronger than ever, despite an acute period of dissension.

Nigeria has resolved its political conflict by adherence to the rule of law and constitutional processes and has reached the point where Prime Minister Balewa recently was able to say: "The President—Azikiwe—and I have once again shown that the things that bind Nigerians together are stronger than those which separate them."

Second. Ethiopia is another country that has strengthened its government since an abortive revolution in 1961 and has moved ahead to play a leading role in African affairs. This oldest of independent African countries has been governed by Emperor Haile Selassie since 1930, and his leadership has survived both foreign invasion and domestic crisis during the 35 years of his reign. In the last few years, the Emperor has become a leading figure in pan-African matters. His role in the formation of the Organization of African Unity was especially impressive.

Third. Tunisia also has developed a high degree of order and stability which has led to a remarkable level of economic growth in that country. Working quietly and steadily on the improvement of its agricultural economy, Tunisia has put to good use the assistance it has received—principally from France and the United States—and the standard of living of its people is rising—hearings on FAA of 1965, page 101.

ECONOMIC AND SOCIAL PROGRAMS

In the economic field, a number of African countries appear to be making solid economic and social progress.

First. In recent years, Liberia, Ethiopia, and Nigeria have been able to increase their gross national product by 4 to 5 percent annually.

Second. Agricultural production for the entire continent has risen 25 percent in the past 10 years.

Third. African exports have increased 45 percent in the same period of time.

Fourth. Oil production in Libya and Nigeria has increased sharply in the last 4 years.

Fifth. The U.N. Economic Commission for Africa is one of the most active and

most effective of the U.N. regional bodies. Its activities in planning for African development augur well for the future. For example: (a) The ECA fathered the African Development Bank established last year; (b) the ECA is cooperating with African nations in planning regionally integrated programs in such fields as transportation, telecommunications, and industrialization.

Sixth. In education, Africa is making remarkable progress. South of the Sahara in the past 4 years, the number of universities has risen from 24 to 35. Secondary school enrollment has increased from about 800,000 to 1.8 million. (a) Thirty U.S. colleges and universities hold 39 contracts to assist education in 15 African countries. (b) Nearly 3,500 Peace Corps volunteers are now in 19 African countries, and most of them are working in educational activities—from FAA of 1965 hearings, page 102-103.

BLOC AID

Combined Soviet and Communist Chinese offers of aid to Africa—exclusive of the United Arab Republic—totaled about \$413 million for fiscal year 1964. The cumulative total of Communist offers to African nations amounts to more than \$1 billion although less than one-fifth has been drawn upon by African governments. More than one-half of all Communist aid to less developed countries is currently earmarked for Africa. Free world aid to Africa dropped from \$1.77 billion in 1962 to \$1.41 billion in 1964. At the same time Communist assistance doubled. At the present time the Soviets have diplomatic relations with 24 African countries—6 new in 1964—and Communist China with 17—7 new in 1964. So far, however, there is no Communist satellite in Africa.

PRIVATE INVESTMENT

U.S. investment in Africa—excluding the United Arab Republic—has increased over fivefold in 10 years. It went from \$267 million in 1950 to \$1.423 billion in 1963. AID points out one program in the field of private enterprise they consider promising. Mr. Hutchinson, in his testimony on the Foreign Assistance Act of 1965, page 111, describes it as follows:

That is, by working with the Small Business Administration we have been able to find a number of small businessmen in the States who have been quite successful in their own businesses here, who have some desire to expand their businesses overseas and are also really pretty highly motivated in terms of wanting to make a demonstration of the American way of life overseas.

We find that there is a very considerable kind and degree of motivation on their part. We have sent two groups of six to eight people each to Tunisia with a view to seeing if they could develop joint enterprises with Tunisian businesses. These would be quite small. The experience has been quite surprising. Out of the first group one man has already come back and obtained his investment survey guarantee and gone into a detailed examination of a little project for millwork with Tunisian partners.

Three of the second group have themselves already organized a Tunisian development corporation. This is an American corporation to which they have contributed capital themselves with a view to investing in Tunisian industry with Tunisian partners.

There are two small industries that they have decided to go into and have selected

their partners. There are a number of other specific projects and proposals which we expect they will be going forward with. I won't take the time of the committee to go into them in detail.

Let me say that out of these groups we have already developed a number of projects where we expect only quite small American investment, but these represent joint undertakings with Tunisians to develop a private endeavor. This is a country which hasn't been too sure it was very much interested in the private sector. The response by the Tunisian Government has been very good. In fact, a quasi-governmental agency was willing to pay the travel expenses of this second group over there to make the investigation.

After we get a few of these successfully going in Tunisia, we expect to send another group over and we hope to expand this effort into other countries. It is a type of approach that is new and hasn't been tried. But I think our success in actually getting some proposals and some prospects going has been better with this approach than anything we have tried in the private sector to date.

We wanted to call it specifically to your attention because the idea of the small man going in, particularly in the African situation, where business must by its nature be very, very small, is a dimension that hasn't been in our program before and we think that this may be very significant.

Mr. Chairman, this is the story of success, the story of marvelous and continuing programs of the nations of Africa. The aid we give to Africa will be returned to us a thousandfold in rich new markets opened for our products and our wares and in deep and abiding friendships in a world of freedom. Again our congratulations and good wishes in this happy second anniversary of the Charter of African Unity.

AMENDMENT OFFERED BY MR. WOLFF

Mr. WOLFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLFF: On page 20, line 1, strike out "national interest" and insert in lieu thereof "national security".

Mr. WOLFF. Mr. Chairman, last March this Congress was presented with a difficult decision. The United Arab Republic sought an extension of aid. Although I was opposed to this extension, because of an emergency I voted to give the President the flexibility to extend or not to extend aid, at his discretion, if it best served the interest and security of the United States. My vote was predicated on the belief that as a U.S. Congressman and citizen, the safety and security of our country must remain of paramount importance in all my decisions.

This vote did not then, nor does it now, alter my firm belief that the United Arab Republic has by its actions demonstrated that it is worthy of continued American aid.

I am convinced that Nasser is an ingrate who asks our aid on the one hand and encourages mobs to stone our Embassy on the other. Not long ago he told the United States to "go drink in the sea." I do not believe the American people favor such highhanded treatment from Nasser or any other Communist-dominated dictator of this ilk.

H.R. 7750 has been offered to further amend the Foreign Assistance Act of

1961, as amended, and for other purposes. I wish to take issue with a section of this bill—namely, chapter 4, amendment to the Agricultural Trade Development and Assistance Act of 1954. Under section 401, the following language is found:

No sale under title I of this act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States.

I take exception to the word "interest." It is my belief that the word "security" should be substituted.

It is my belief that Nasser should be denied our help under all circumstances. But I think the criteria to be applied by the President in determining who receives our aid should be our national security, not merely our national interest.

Interest is a broad, general term implying concernment. Security is a sharper, more precise term which means freedom from danger and risk. This is the core of the matter.

I want it made incumbent upon the President not to extend aid to Nasser unless the security—the freedom from danger and risk—of our Nation is directly enhanced by such aid.

Generally, decisions on whether to extend aid to a foreign nation should be a matter determined simply by our national interest. But in cases where the supplicating hands of tyrants are extended toward us, the hands of those who have vilified us, ridiculed us, spat upon our flag, then our national security must be the only meaningful criteria.

I call upon the House of Representatives to support my plea to withhold aid to Nasser and others of his breed except in those cases where our own American national security is directly enhanced by such aid.

It is high time for us to be as pragmatic in the use of our power as our adversaries have been cynical in the use of theirs.

Mr. MONAGAN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, opposing this amendment, I should in the beginning like to say that I certainly hold no brief for Mr. Nasser. I find his actions just as reprehensible as does the gentleman who just occupied the well. For this reason, I offered in the committee amendment to the bill that constitutes the language which appears on page 19 which says:

No sale under Title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States.

Also, Mr. Chairman, in addition to this, there was offered by the gentleman from New York [Mr. FARBERSTEIN] and others, a provision accepted by the committee, that no such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year.

In addition to this, this section contains a requirement that the President

keep the Foreign Relations Committee and the Appropriations Committee of the Senate, and the Speaker of the House of Representatives fully and currently informed with respect to the sales, a requirement of publicity.

It does seem to me, Mr. Chairman, that the language that we have used "essential to the national interest" is strong language. Perhaps "security" would be stronger. Perhaps it would be somewhat different but to me, the distinction is one without significance.

Mr. Chairman, I might say that I voted twice in 1963 to permit the continuance of the sales to the United Arab Republic. But I now feel that we should have in this bill a specific provision to put Nasser and others of his ilk on notice as to what the intention of the House of Representatives and the Congress, and the people of the United States is in this connection.

I might say also that this language "essential to the national interest" is the same language that appears in the bill at the present time with reference to the prohibition of aid to Cuba and the section relating to Indonesia, so that it is language that has already been accepted by the House and has been used under comparable circumstances.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Florida.

Mr. FASCELL. I agree with the gentleman's definition of the use of the words "national interest" in the bill. May I ask the gentleman, not only is this prohibition in the bill, but is it not his understanding that the only commitments now with respect to aid are to terminating the existing program? There are no funds for future programs.

Mr. MONAGAN. The program has been terminated, insofar as I am informed, and there is no current program in existence at the present time. So that in that sense this provision is academic. The Executive has already acted with reference to this program, but nevertheless I feel this should be here with reference to any future program.

Mr. FASCELL. The administration has made the statement that it would not consider a new programing until there are changes of policy in that country?

Mr. MONAGAN. I think that has been obvious, and that certainly was made clear to the committee in the hearings.

Mr. Chairman, for the reasons stated I urge rejection of this amendment.

Mr. GALLAGHER. Mr. Chairman, the interest of the United States is peace in the Middle East. How to achieve peace is difficult. It involves more than the military safety of the United States. It involves the security and welfare of Israel and others. This is a political, economic, as well as military problem. The committee amendment recognizes this and directs the President to do what is necessary to achieve this goal. The amendment unduly restricts the President to achieve what we all want to achieve.

Mr. VIVIAN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. VIVIAN asked and was given permission to revise and extend his remarks.)

Mr. VIVIAN. Mr. Chairman, one of the most important provisions contained in the Foreign Assistance Act of 1965 is the provision amending section 224 to provide funds for investment guarantees to stimulate construction in Latin America of privately owned housing for low-income families.

As has been said many times here, tens of millions of families in Latin America still suffer privations forced by very low national family incomes; in particular, millions have only the most primitive housing.

Each year, their frustration manifests itself in rebellion and revolution, with such frequency that we have become almost insensitive to their governmental troubles. But Batista and Castro, Trujillo, and Cannano and Imbert, remind us all too painfully, that the aspirations of the sugar cutters of the islands, of the campesino in the highlands of the Andes, or the anger of the slum dweller in Caracas, can be equally fateful for our sons' futures, as what happens in our own land.

We of the United States, from our plenty, have therefore in these past years pledged continuing help to the people of Latin America. We have provided technical assistance for many years. Starting with the act of Bogotá in 1960, and the Charter of Punta del Este in 1961, we have begun a major joint effort, with the Latin Americans, to establish conditions of self-sustaining economic growth. The change in the flow of our assistance has been dramatic. Up to 1960, only one-fiftieth of our aid funds went to Latin America. Now, nearly one-fourth of our assistance is going to Latin America—much more assistance per person in Latin America than in any other part of the world. The Alliance for Progress authorizations support this vital work.

Latin America is hungry for change. Sometimes, the peoples and the governments know what they want, but do not know how to achieve it. Sometimes, they know how to achieve change, but lack the capital to carry it out. The Alliance for Progress is struggling to provide both the added margin of capital and of know-how.

The provision of funds for investment guarantees to stimulate construction of privately owned housing, as stipulated in section 224, certainly fits this pattern.

The investment guarantees are meant to attract the margin of capital needed for this vital task.

In fact, it would be most unrealistic for us to attempt to provide the entire capital needed. Were we to try to buy every family a house, or buy every farmer an ox, or buy all the pipe needed for water service in every village of Latin America, or make loans to each small businessman among the more than 200 million people in the hemisphere—to do all this—we would need to allocate well over \$100 billion of capital investment during the 10-year period of the Alliance. Instead, we anticipate that well over four-fifths of the total capital required for the fac-

tories, the houses, the schools, the water systems and the roads essential for development can be generated by Latin Americans themselves. Substantial parts of the remainder are coming from Europe, from private investors and from the international lending institutions. In the past few years the U.S. assistance to the Alliance has averaged something over \$1 billion a year—a sizeable sum, but only a small fraction—less than a fifth—of the total new capital formation occurring in Latin America. We should encourage this trend.

One of the key provisions of the Charter of Punta del Este laid down the need for national development planning and programing. Resources are scarce in Latin America. Its gross national product is roughly one-tenth of our own; its population is slightly larger. National planning is designed to determine the resources available for development in each country, to assign priorities for investment and to work out the changes in national policy—taxation, education, manpower training, roadbuilding, incentives to industry—which will assure that the nation grows as quickly as the resources permit.

Recently, the Alliance partners have formed a multilateral group—the Inter-American Committee on the Alliance for Progress—to pass on the performance, the self-help effort, and the reform programs of each of the countries of the Alliance. The reports of this Committee now show a better focused picture of the Latin American economies, and provide a statistical framework within which we can work out our U.S. lending priorities and strategies.

The facts indicate that, in many places, the Alliance is doing well. In others, we already see the promise of future improvements.

A substantial number of Latin countries have undertaken exactly the kind of self-help measures that are needed. For example, tax reform programs are underway in no less than 11 Latin American countries, and in several of them tax yields have already increased very sharply, so that the people of the Latin American countries are providing more of their resources for their own betterment. Incidentally, the U.S. aid program has provided specialists from the U.S. Internal Revenue Service to help improve tax administration in those 11 Latin American countries.

No less than 10 countries have enacted at least the beginning of land reform legislation, and the activity in this field is greater than at any time in Latin American history since 1900.

The budgets of Latin American countries for public education have risen over 25 percent in the last 3 years.

The major disappointment in the Alliance to date has been in the area of private investment from abroad, including private investment from the United States. The way to increase the inflow of private capital has already been shown by countries like Mexico, Colombia, and Venezuela which have actively encouraged foreign investment and achieved a degree of fiscal and economic

stability which the foreign investor requires.

There are also distinct contributions the United States can make to increase the flow of private capital. Now available and being used are AID investment guarantees which insure the private American investor against a variety of risks for ventures in developing countries. Through the investment survey program, AID now underwrites part of the cost of investigating the feasibility of a business venture in Latin America, paying half the cost if the investor decides to go ahead.

President Johnson has recently committed the United States to a redoubled effort in support of Latin America's development aspirations. And the record of Latin-American performance well justifies this renewal of our commitment.

Over half the nations of Latin America have completed their past development plans.

Over half have met or surpassed the target of a 2½-percent yearly increase in per capita income.

The institutions which can carry forward progress and change, through Latin America's own efforts, are becoming more numerous and effective.

By mid-1965, U.S. assistance to Latin America, both directly and through the institutions which Latin America now has, will have helped build 326,000 homes; construct 36,400 classrooms; print 11 million textbooks; extend 290,000 agricultural credit loans; build 735 health centers, hospitals, or mobile health units; drill or install over 2,000 wells and water systems; and provide food, under Public Law 480, for 22 million people.

This is an achievement—still, perhaps, small in relation to the total needs—but growing daily. It is growing as the sense of pride and responsibility in Latin America itself grows, as Latin Americans themselves see the effects of their own efforts, and renew their dedication to the task ahead.

In Latin America as elsewhere, we must continue the battle for world order, in which our society and our way of life can thrive best, and in which each nation can work out a better life for its citizens.

I am confident that the Alliance for Progress will continue to prosper and will make the Americas one great community, where every man, woman, and child will be free, healthy, and prosperous. As President Johnson said:

The Alliance for Progress is of the same faith that enabled us to nourish a new civilization in these spacious continents * * * faith in the power of freedom to achieve the betterment of man.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Wolff].

The amendment was rejected.

Mr. ADAIR. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I should like to advise the Committee that there is at the desk a motion to recommit which will contain two provisions. First, it would reduce the bill by the amount which we mentioned in the debate earlier in the afternoon. That is, by \$130,958,000.

The second part of the motion to recommit would add on pages 5 and 6, after the word "free" in each instance, the words "non-Communist dominated".

That is the motion which was proposed by the gentleman from Florida [Mr. CRAMER].

I might add that the proposed dollar reduction, as we pointed out earlier, does not reach military funds. It is economic, relating to the Development Loan Fund.

Mr. DORN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the United States has spent well over \$200 billion on foreign aid rather than the \$130 billion so often referred to in debate. It is true that since World War II, we have spent on direct foreign aid in the neighborhood of \$130 billion but when considering the total amount of foreign aid, we must include the billions appropriated for lend-lease during the war and even before World War II. Even the lowest figure mentioned is a fantastic amount, almost beyond human comprehension.

I oppose foreign aid because it is unconstitutional and because if continued, it will wreck the economy of the United States leaving us at the mercy of our Communist enemies. When we base our foreign relations and human understanding, brotherhood, cooperation and love on money alone, it is doomed to failure.

We cannot buy security. We cannot buy understanding. We cannot buy the respect of individuals or of nations. We have created with our foreign aid program the dollar image around the entire world. Largely because of our foreign aid program, when peoples in foreign lands think of America they think of dollars. When they see Americans walk down the streets, they think of dollars. Unfortunately, when they see the American flag, they think of our gold and they think of the American dollar. This is the tragic consequence of a foreign policy founded on the American dollar. When our foreign allies and so-called friends around the world see the Stars and Stripes, they do not think of our Bill of Rights, our Declaration of Independence, or of our free enterprise system with high standards of living but they are reminded of our money.

Mr. Chairman, they do not think of our hospitals, schools, libraries, churches, and the opportunities we have created for the underprivileged, but they think of how much they are going to get. Yes, Mr. Chairman, this is largely due to our foreign aid program. I have always believed in food and fiber and medical attention to those in need throughout the world. The people of the United States have always acted with alacrity and with generosity to the cry of the hungry and the distressed. I believe, however, that aid should be administered on a people-to-people basis—through the Salvation Army, International Relief Organization, the Red Cross, and development programs such as those of Firestone in Liberia and U.S. oil companies in Saudi Arabia. I sincerely believe that if a great portion of the billions we have spent on foreign aid had been expended

for exploration of space, we would be on the moon today and would be so far ahead of Russia in space that there would be no contest and the world would be looking to this Nation as the nation of the future and not as a nation making a pitiful attempt to catch up with Russia in space. We would be in space for peace and our bases there would be used for peace rather than for slavery and conquest as envisioned by the Soviets.

Mr. Chairman with only a portion of this money, we could have a Polaris submarine fleet that could control the seas of the world for 100 years. The United States could have intercontinental missiles which could hit any target in the world and which could explode on targets on the moon smaller than the size of New York City. We could have antimissile missiles. We could have supersonic bombers, flying at the speed of 3,000 miles an hour. We could have the largest and most mobile hard core combat troops in the world to be rushed in a matter of hours to any danger spot. We could guarantee the free nations of the world security and freedom from fear. Our country could have over a hundred thousand miles of interstate highways. We could have eliminated pollution in our rivers and have pure air, better hospitals, and schools. Poverty would not be a way of life in the United States. Our unemployment rate would be nearer to that of Germany and Japan where there is no unemployment.

Foreign aid did not make friends of the Soviet Union, one of the greatest recipients of our foreign aid. We are receiving no cooperation from Sukarno, only enmity and hatred. Nasser and Ben Bella lean toward the Communists and treat us with disdain and outright hostility. India condemns our bombing of North Vietnam. China is behind the Iron Curtain and Cuba is in Communist hands—all recipients of our taxpayers' money and all lost to the cause of freedom during our incredible foreign aid program. Even France flirts with Russia and ridicules our efforts for freedom in Vietnam and Santo Domingo. Pennypinching efforts are needed to preserve our gold stocks while it is being permitted to go overseas by the billions.

Mr. Chairman, our foreign aid should be gradually tapered off. As an alternative we need to bolster our defense effort and win the race for space. We need to and we can and must contribute more through our established and respected relief organizations. Our philosophy is founded and based on Christian concepts. We can and must send more missionaries to roll back the tide of atheism and let our friends know of our respect for the worth and dignity of the individual.

Mr. Chairman, I supported the Greek-Turkey loan and would do so today in areas where such a program would stop the spread of communism. Our whole foreign aid program is negative. Its entire objective is negative. It is against something and it is against communism. We need to go from the negative to the positive. We need to sell Americanism and our basic philosophy on a people-to-

people basis with the same zeal, with the same initiative and the same know-how that we sell our material products. Should we do this, the cold war would be no contest. We would win hands down. We must be for something. We must and we can turn the wheels of progress forward. We must not turn the clock back to dictators and statism. We must move forward with the modern dynamic philosophy of the United States—a philosophy which carved out of the most underdeveloped continent in the world the arsenal of democracy and the heart and core of freedom. We were not enslaved, encumbered or pampered with foreign aid. We moved forward with initiative and imagination to create out of the wilderness the highest standard of living in all history.

Mr. MORGAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was somewhat surprised to hear the language in the motion to recommit proposed by the gentleman from Indiana. Both of the points he includes have been voted on this afternoon and were defeated by a substantial vote.

I wonder if by putting the two together the gentleman hoped to sweeten his proposition.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. ADAIR. I will say to the gentleman that both parts of the motion to recommit were included because it was felt they were worthy and meritorious and ought to be presented to this body for a vote. Neither part is a sweetener for the other. They are regarded as substantive matters of great importance and I think the Members of this body ought to have an opportunity to vote on them.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. McDOWELL. If the gentleman's double-barreled recommittal motion is adopted; is the gentleman then going to support the bill?

Mr. ADAIR. The gentleman does not expect to vote for the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HALPERN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I stand to express my wholehearted support of H.R. 7750, the Foreign Assistance Act of 1965.

This bill authorizes the expenditure of \$3.3 billion for foreign aid—this is the lowest authorization request the House has been asked to approve in the 17-year history of the aid program, and it is some \$12 million below the amount requested by the President. I believe that the Foreign Affairs Committee has done a remarkable job in studying and adjusting the President's request, and in reporting to the House a bill which will enable the United States to carry on its great work in this humanitarian venture, with the least burden on the American taxpayer, with minimal effect on our balance-of-payments deficit, and with full accord

given to the principle of withholding assistance from nations which have flouted it in the past.

Mr. Chairman, it is axiomatic that the developing nations simply cannot maintain stability without continued economic growth, and that such growth requires external assistance for its nourishment. Without this help, the economies of these struggling nations would certainly falter, and chaos and communism would very probably ensue. It is not to "buy friends" that we predicate this aid. Rather, it is in recognition of the fact that we have been peculiarly blessed with a bounteous economy, and regard for our less fortunate brothers compels us to share with them our good fortune. In addition, it is clearly in the interest of the free world that we give these nations an alternative to communism—an opportunity to be self-reliant.

I know that most Americans realize these facts, and fully endorse our foreign assistance programs. Some, however, have legitimate misgivings, but I believe that a careful study of the bill before us will go a long way toward alleviating their doubts.

If my own mail is representative of American sentiment—and I believe it is—then those apparent aspects of our foreign aid program which most give people pause, are the feelings that we are involved in a giveaway program, and an indiscriminate one at that, where we are just as anxious to help those who insult us and thwart our goals, as we are to help our friends.

Fortunately, much improvement has been recorded in the administration of aid programs. Much of this is attributable to the able leadership of David Bell, the Administrator of AID; much may also be attributed to the watchful eye of the Congress. As a result of all our efforts, the criticism of the past is simply not applicable to the programs of today. Under the Marshall plan, more than 90 percent of the aid was in the form of outright grants. Today, over 65 percent of our foreign aid takes the form of loans. Most of these loans are long term loans, which provide a 10-year grace period during which the borrowing country need make no payments. This grace period is crucial, for it gives the developing nation an opportunity to concentrate on basic reforms—such as road building and housing—which are necessary for long term progress, but which do not provide the country with immediate profits. As these nations develop their economies, the need for such "soft" loans will diminish, and they will be able to seek future credit from international institutions, or from the Export-Import Bank, on standard, "harder" terms. At that point, our aid will cease, but in the meantime I think it is heartening to know that this aid does take the form of loans. This lightens the burden on the American taxpayer, and enables the recipients to turn to the United States for help with full assurance that our assistance can be solicited and accepted without impairing their own dignity and self-respect.

In some areas, of course, our programs

still rely upon grants. These, however, are minimal and worthy beyond doubt. For example, the bill before us now would authorize \$210 million for technical cooperation and development grants for fiscal year 1966. These funds would enable developing countries to improve the educational, technical, and professional skills of their people, and to identify and develop the human and material resources basic to sound economic growth. In addition, these funds will be available to assist American hospitals and schools abroad. I do not believe that the wisdom of these grants is open to question. I think they represent a very reasonable investment in a healthier and better world.

Another important fact is that approximately 85 percent of foreign assistance funds is spent right here in the United States. This creates jobs for our people, and advances our productivity. When loans are used to purchase American equipment, the U.S. businessman gains a market and a customer—a customer who will return for spare parts and for new machinery years later. And because this money is spent here at home, the long-term effect on our balance-of-payments deficit is very minor, indeed. I think it is most unfortunate that so few of our people realize how much of these funds is devoted to the purchase of American goods and services.

The bill we are now considering authorizes \$1.17 billion for military assistance. As Secretary McNamara so cogently pointed out, we can either let the Communists overthrow friendly governments with impunity, build up our own forces to a point where we can provide U.S. troops for every emergency, or assist friendly nations in developing their own military power so that they will be able to carry their share of the collective defense burden. Like the vast majority of my colleagues, I favor the latter course.

Finally, Mr. Chairman, I should like to direct my attention to the criticism that the United States lacks principle in implementing its aid program, and that once we begin giving assistance we are afraid to cut it off, even if the recipient works to undermine and subvert our own foreign policy. I would like to see even stronger language than that contained in this bill. For example, I agree with the comments made by the gentleman from New York [Mr. WOLFF] that the language in the agriculture assistance section should be strengthened and I support his amendment. But this bill is a vast improvement over previous years. Three separate provisions in this bill go far to blunt the criticism we have expressed through the years. First, it expresses the sense of the Congress that aid to nations which do not take all necessary action to stop mob destruction of U.S. property, should be summarily terminated. Second, aid is prohibited to countries permitting ships under their registries to carry cargo to North Vietnam. Third, the bill amends the Agricultural Trade Development and Assistance Act of 1954, to forbid sales of surplus agricultural products to the United Arab Republic. The President is given au-

thority to waive this only if he determines that such a sale is "essential to the national interest of the United States." I firmly believe that this particular provision is long overdue.

The United Arab Republic is actively engaged in subverting legitimately constituted governments in the Congo and in Yemen. It has continued to employ its resources for the purpose of arms-building. It practices secondary economic boycotts against U.S. business firms dealing with Israel and, just last December, Mr. Nasser sneered at the \$1.5 billion in U.S. aid that he has received, and invited us to "go and drink up the sea." While we neither expect nor desire subservience from the recipients of our aid, it is equally true that we neither expect—nor will we tolerate—their insults.

In conclusion, Mr. Chairman, I believe that the Foreign Assistance Act of 1965 is an excellent bill. It demonstrates the fairness, the generosity, and the good will of the American people. I believe that it will continue to encourage our allies to take increased initiative in this area; that the world will be better and safer as a result of our efforts; and that the cause of peace and brotherhood will prosper.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I am delighted to yield to our distinguished colleague, the able and brilliant gentleman from New York.

Mr. LINDSAY. I thank the gentleman for yielding. I should like to compliment him on his remarks. I associate myself with him in those remarks and I encourage him to continue the efforts he has made to achieve justice in this field in this troubled area.

I am in support of the pending legislation, but I am concerned that our assistance continues to go to a nation which has continued its foreign adventures against its neighbors, including our staunch ally in the Middle East—Israel.

In 1963 the Congress made it clear that it would not condone continued assistance to nations which engage in or prepare for "aggressive military efforts" against the United States, or against other nations receiving U.S. assistance.

This principle is as sound now as it was then and I think that its retention in the bill before us reaffirms our determination not to support this type of aggression.

Perhaps in the future, we should also look at the increasing importance of indirect forms of aggression by nations such as the United Arab Republic against its neighbors. Modern warfare involves military weapons and political ideology; it may also involve economic repression, and the diversion of natural resources from neighboring countries contrary to reasonable international agreements on the sharing of those resources.

It is no secret that nations in the Middle East, such as the United Arab Republic would like nothing better than to turn the scarce water resources of that region away from neighboring nations which have great need for their

fruits and benefits. Such action is contrary to the recognized principle of mutuality of international river systems.

Colonel Nasser's actions in regard to the Jordan waters when coupled with his military efforts on behalf of factions in civil disturbances in the Congo, in the Yemen, and in Cyprus, demands that we keep a careful watch on any U.S. programs of assistance to the United Arab Republic. So long as that nation has a leader more interested in stirring up disorder among his neighbors than in permitting their peaceful development and concentrating on the internal growth of his own country, we can never attain the goal of peace and stability in the Middle East.

I hope that the President in evaluating the quantity and quality of aggressive acts committed by the government of President Nasser, in accordance with section 620(i) of the Foreign Assistance Act, will take into account not only outright military actions, but acts of indirect aggression as well.

(Mr. LINDSAY asked and was given permission to revise and extend his remarks.)

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I am delighted to yield to the distinguished gentleman from Illinois.

Mr. O'HARA of Illinois. Could the gentleman from New York inform me as to the future of the other distinguished gentleman from New York?

Mr. HALPERN. I believe his future is quite apparent.

Mr. RYAN. Mr. Chairman, I move to strike the last word.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, as the debate draws to a close, I want to speak of today's challenge for tomorrow's world. The less-developed world promises to be a continuing challenge to our creative powers as well as a major source of instability in the years ahead. The United States, the leading power and the richest nation in the world, has an immense stake in a process of change in these countries. In the world today the issue is no longer change versus status quo. Change in less-developed countries is inevitable. The only question is: what kind of change? Change cannot be smooth and painless, but we must do what we can to see that it leads toward stable, open societies. That alone is sufficient to focus our attention and effort.

Beyond this interest is our humanitarian concern in improving the standards of life in the poorer two-thirds of the world. It is proper to argue a course of policy on grounds of self-interest, but it would be both unwise and untrue to American tradition to deny its humane foundations. Since material progress is a necessary condition for the kind of change we seek in the less developed countries, economic questions are basic to our relations with them.

President Kennedy recognized this 4 years ago, when he said in his inaugural address:

Man holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life.

President Johnson has shown awareness of the combination of responsibility and self-interest we have toward the less developed world. He stated recently:

The pages of history can be searched in vain for another power whose pursuit of its self-interest was so infused with grandeur of spirit and morality of purpose.

It is perhaps only through economic programs and by dealing with economic questions that we can influence for the better the kind of change which is to occur in the less developed countries. Overcoming poverty should be the objective of any viable government in the underdeveloped world. Widespread failure to move toward this goal could confront the United States with large-scale political instability with its ensuing threat to a peaceful world.

On the other hand, governments preoccupied with internal development and economic growth—and assisted by us in this task—are less likely to engage in unsettling external adventures and more likely to evolve political institutions and social processes compatible with our own rather than with coercive systems on the Communist model. U.S. assistance for the purpose of economic development is an essential element of any U.S. effort to influence sound political evolution of the emerging nations. In the words of the framers of our own Constitution, therefore, we are seeking "to secure the blessings of liberty" for ourselves and for a dynamic and peaceful world community of open societies.

Mr. Chairman, it is with these considerations in mind that I support the role and purpose of American foreign assistance. Basically, what we are trying to do with foreign aid is to bring about constructive, peaceful change in free societies. Obviously, this cannot be accomplished without the consent and self-help of the countries themselves.

There are real limits on what foreign aid can do. Successful development rests primarily on the determination and the ability of the government and people of the developing nation. Foreign assistance provides an important margin of resources and skills, but it cannot produce development at reasonable cost unless the country is itself making the major efforts.

This simple fact is today fundamental to the development assistance strategy of the U.S. Agency for International Development, as it has adjusted to changed world relationships. It is concentrating assistance in countries where the performance will enable American aid to produce results.

The most hopeful sign for the future is the growing determination of the less-developed countries to help themselves and their increasing competence in this task. Today, for every dollar of U.S. bilateral assistance, the 20 major recipients of U.S. aid in Asia, Africa, and Latin

America allocate an average of \$6 for development from their own limited resources.

In virtually every case, AID is intensifying its efforts to identify needed improvement in the economic policies and programs of recipient countries. It seeks to secure adoption of these improvements through incentive programming, and it seeks specific country commitments to these improvements in return for increased economic aid to raise the country's rate of economic growth.

Another way of putting it is that AID is seeking to help the developing nations to make better use of their own and external resources. To the extent they put their own houses in order, the United States is prepared to bear its share of the total burden and thereby hasten the day when they will no longer need our aid.

Mr. Chairman, part of the problem for the less-developed world is that its leaders and informed people are determined to achieve in 10 or 25 years what took us 150 years to achieve. This is not an unreasonable determination in a world brought together by rapid communications. But it is a tremendous undertaking.

I do not suggest that the economic gap can be closed within the next decade or two. But experience in countries such as Israel, Greece, and Mexico has shown that an adequate pattern of income distribution begins to make it possible for people to live decently and for growth to continue with decreasing reliance on external assistance.

The foreign aid program in the future must increase the capacity of the less-developed countries to utilize foreign assistance effectively in order to increase their rates of economic growth. Progress has been made in this direction. The governments of many countries are beginning to recognize the importance of development planning and of policies that go with it. But so far the transformation of institutions essential to modernization has taken hold in only some of the countries.

AID has, in the past 3 years, increasingly concentrated its efforts on such institution building and is attempting to utilize the vast private resources of American education, industry, and the professions to reach the operating levels in these nations.

Let us look briefly at some statistics relating to underdevelopment. Per capita GNP in the United States is close to \$3,300 a year. By contrast, some 80 less-developed countries all have per capita gross national product under \$500; all but 11 have per capita gross national product under \$300; 33 of them are under \$100; and 10 are under \$50. Their average is roughly \$150 per capita, or one twenty-second the U.S. level.

Most of the less-developed countries are rural in nature. Approximately 80 to 90 percent of the people live in rural areas. More than 50 percent of the working male adults in less-developed countries are engaged in farming and related pursuits. Most are unskilled and untrained and, therefore, do not make the best use of their land. These same countries, because they are rural and

agrarian in nature, merely export raw materials and fail to gain the economic benefits of the higher prices of finished products.

The rate of literacy is low; 35 percent for the less-developed nations compared with almost 100 percent for the developed countries.

Mr. Chairman, little by little, foreign aid from the United States, from other bilateral donors and from the multilateral agencies, is helping to raise the low standards and increase the rate of growth and per capita incomes of these countries. Under current assumptions, the aid donors are seeking to increase the rate of growth of per capita income in the less-developed countries by the very modest rate of 2 percent a year.

It is clear that economic development will be a central task of foreign policy in the decades ahead. It must stimulate the greatest energy and deepest imagination in our society. This call to a priority task should not go unheeded. It is one that can itself generate commitment in the business community, universities, and voluntary organizations. As I see it, this challenge is an opportunity.

It is a logical consequence of our recognition of our responsibilities in today's world. If we set our sights high, we will raise the sights of the less-developed countries in this whole process of economic development as we build tomorrow's world.

Mr. JONES of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have been disturbed by the report of the Comptroller's Office, which appeared in the RECORD yesterday during the speech of the gentleman from Wisconsin [Mr. THOMSON].

In his speech the gentleman quoted from reports of the Comptroller. He quoted the statement by the Comptroller's Office that the AID program had spent dollars in Brazil when they could have spent cruzeros.

The Comptroller also reported concerning the spending of money for equipment for a project which had been completed.

There were other references which Members can read, if they did not hear the debate yesterday, as shown on pages 10856 and 10857.

This morning, at an executive meeting of our Committee on Agriculture, Mr. Bell appeared before our committee, and I asked him about these statements and the actions reported by the Comptroller's Office about the AID program. He said that he had been advised that these statements had been made. He was, of course, familiar with the Comptroller's reports.

I told Mr. Bell that I felt some answer should have been given, either yesterday or during the debate today, to refute the Comptroller's report, because he indicated there were some inaccuracies in it.

I have been here all day, waiting for somebody to answer this and to tell why the Comptroller would make such statements in criticism. He made them not only in March and April of 1965, but he had made statements in 1964 as well as 1965.

A part of the report which disturbs me says:

The Agency for International Development has made and is currently making improper payments for ocean shipments of surplus agricultural commodities donated by the United States. * * *

And so on.

When an agency such as AID flouts any criticism like that, and does not care about answering it, I cannot have the confidence I should have in the operation of that agency.

The gentleman from Ohio [Mr. HAYS] a minute ago said he had some reservations about this bill. I, too, have supported the foreign aid program for a number of years on the theory that we had to maintain some type of foreign aid program. In the past I have offered amendments which I felt would improve the program, but I have become resigned to the fact, early in the debate, that no amendments were going to be accepted. I had hoped the committee or some member could give me some assurance that there had been corrections made in the administration of the AID program criticized by the Comptroller but there has been no answer to the charges.

The only way I have of showing my feelings about the administration of this program and the fact that we are wasting money which could be saved is to vote against the bill. This is the only way, as I see it, of registering my protest.

I am going to vote against this authorization not because I feel we should not have some kind of an aid program but when these things continually keep coming up every year of improper uses of money and particularly spending American dollars when we could be spending foreign funds which would not be a drain on our dollar reserve, the only way I can express my feeling and also my criticism of the way in which this program is being operated is by voting against this bill. That is the reason why I expect to vote against this authorization bill here today.

Mr. MORGAN. Mr. Chairman, will the gentleman yield.

Mr. JONES of Missouri. Yes. I yield to my good friend, the distinguished chairman of the committee.

Mr. MORGAN. The gentleman from Missouri talked to me earlier in the day about these reports. I told him that most of these reports, although recently issued, were based on investigations 1 or 2 years old. If you read through the reports, you will find that the GAO acknowledges that some corrective action has been started on most of them. If you will examine the GAO reports on the Department of Defense, you will find that they find deficiencies in the operation of the Army and the Navy. I would not use criticism by the General Accounting Office as a criterion for voting against the foreign aid bill, because you could apply the same kind of argument to voting against legislation for the Department of Defense. The GAO writes many reports about the waste of money in our Military Establishment and in our defense budget. So the criteria you are using here in opposing this bill I think are not entirely consistent.

Mr. ROGERS of Florida. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, the Johnson doctrine of defending American citizens around the world has resulted in a new faith in our country here at home and much needed respect for us abroad.

The President has demonstrated time and again, in southeast Asia, in Africa, and in Latin America that the full might of our Nation will come to the aid of our own citizens in danger, and the freedoms of others threatened by communism.

Floridians take special note of this new approach in American policy. No other State has been as close to Cuba—as close to a Communist takeover, nor seen the wave of refugees escaping oppression. Florida knows also the threat of military action, as we witnessed the offensive and defensive buildup in our State at the time of the missile crisis when thousands of troops and weapons were assembled for any eventuality.

The people of Florida saw the United States stand by while Castro was taking over Cuba. The people of Florida vigorously applaud the actions of President Johnson in preventing a Communist takeover in the Dominican Republic. Had similar action been taken with regard to Cuba during the Castro takeover, Cuba would not be a Communist country today.

Being close to the troubled waters of the Caribbean we understand and appreciate the need for action rather than prolonged discussion. There is time enough to consult, advise and receive the views of friends. The Organization of American States was notified of the developments in the Dominican Republic, and when the situation worsened the President acted for the U.S. interests. Now that the peacekeeping machinery of the OAS is in operation and a joint military command has been established, we are hopeful a peaceful solution can be found to return the Dominican Republic to democratic government. But we can be sure that if the United States had not acted a new Communist government would be establishing itself on another island in the Caribbean.

Some critics have voiced the opinion we should have awaited joint action rather than our unilateral move. During the naval quarantine of Cuba, the United States acted on her own in the best interest of this hemisphere. And, of course, at that time we were taking action against an established government, Castro, while our landings in the Dominican Republic were at the request of the existing government which indicated it could no longer guarantee the safety of American citizens.

The Johnson doctrine, of course, applies equally to Cuba today. There are some who would try to lead one to believe that this administration has forgotten Cuba. Nothing could be further from the truth.

The President has indicated that we have no intention of living with communism in this hemisphere. Soon after assuming office the President was faced with a crisis over the water supply to our naval base, and he acted quickly to

increase our defensive capability and to replace the water supply, while preparing the base for military action and evacuating dependents. This swift action met the situation of the moment, and gave clear proof to Castro that his test of the new President's resolve had been met without hesitation.

The United States and the other members of the Organization of American States do consider the present regime in Cuba a danger to Latin America because of its continuing dedication to the subversion and overthrow of Latin American governments. The United States and other members of the OAS are determined that this danger will be checked and thrown back. That determination is one of the key factors in the actions taken by the United States and the OAS in the Dominican Republic.

In keeping with the continuing goal, or U.S. policy toward Cuba—a truly free Cuba, free of communism—and the kind of threat which the Cuban regime presents to the hemisphere, the United States has followed, and will continue to follow, courses of action designed, first, to reduce the will and ability of the present regime to advance the Communist cause in Latin America through support of subversion; and second, to assist and cooperate with the Latin American nations in strengthening their ability, in both the short and the long term, to resist subversion.

The first part of this U.S. and OAS strategy—the reduction of the will and ability of the Cuban regime to advance the Communist cause—has taken the form of efforts to isolate the regime politically, psychologically, and economically. The core of this program has been the exertion of economic pressure upon the regime in order to maintain and increase its internal difficulties and to limit its potential for external activities.

The administration has, through determined, day-to-day efforts, been maintaining strong pressures on the Cuban economy. All of our allies are cooperating to some extent in the maintenance of these pressures and the cooperation of certain governments is quite good. None permits the exportation of strategic goods to Cuba, and some governments discourage the shipment of industrial items and raw materials that are non-strategic but which are critical to the Cuban economy. Further, so far as is known, none has granted credit to Cuba, nor, for approximately the last year, guaranteed private credits for Cuban purchases.

Although much of the administration's effort has been aimed at eliciting the cooperation of foreign governments and firms, it has also taken a number of unilateral measures to reduce Cuba's economic ties with the free world. For example, U.S. law prohibits, in the absence of a Presidential waiver, the granting of U.S. assistance to any nation which furnishes strategic goods or economic assistance to Cuba or whose vessels and aircraft carry any equipment or merchandise to or from Cuba. In addition, U.S. Government-financed

cargoes cannot be carried from U.S. ports aboard vessels employed in the Cuban trade, and a variety of measures prohibit or restrict the bunkering of vessels in the Cuban trade, especially in U.S. ports or with products of U.S. origin.

In addition, the Cuban assets control regulations prohibit transactions involving U.S. dollars between any party and Cuba. These regulations also prohibit any person or entity subject to the jurisdiction of the United States from engaging in financial or commercial transactions with Cuba.

Total Cuban trade with the free world dropped nearly 80 percent between 1958 and 1963. The temporary increase in free world trade with Cuba in 1964—the result of exceptionally high world sugar prices in 1963 and early 1964—is overshadowed by the expected drop in this trade in 1965 to approximately the 1962-63 levels. Sugar is, of course, Cuba's main earner of foreign exchange, and sugar prices have fallen precipitously, from about 12 cents a pound in January 1964 to about 2.5 cents at the present time.

Cuba's trade with Latin America—the principal target of the Castro regime's subversive efforts—has declined even more dramatically. Total Cuban trade with the nations of the Organization of American States—excluding the United States—was approximately \$115 million in 1958 and in the range of \$15 million in 1964. All of the OAS countries, with but one exception, adhere to last July's OAS resolution which suspended shipping and trade with Cuba and severed diplomatic and consular relations.

The number of calls by free world vessels at Cuban ports in 1964 was approximately 60 percent lower than in 1962. Moreover, figures for the first 4 months of 1965 indicate more than a 30-percent decline over the same period in 1964.

The free labor unions of the hemisphere are giving important assistance to the OAS governments in this matter. These unions have recently begun a selective boycott at hemispheric ports of vessels of those nations whose ships are in the Cuban trade or whose trade with Cuba has increased.

Cubana, the Cuban state airline, flies to only two free world countries, Mexico and Spain, on a regular basis. Only one free world airline, Iberia, provides scheduled passenger service—one flight per week—to and from Cuba. In October 1962 4 non-Communist airlines operated about 20 scheduled flights per week to Cuba.

External pressures and the Castro regime's own ineptitude and mismanagement have together kept the Cuban economy from serving as a showcase for communism.

Industry remains essentially stagnant and its products shoddy. The industrial plant and the transportation system—primarily of Western origin—have substantially deteriorated for want of spare parts.

Many basic foods and household necessities are rationed. Rationing allotments are often not met and inferior items substituted.

Cuban labor's enthusiasm for work has diminished. Absenteeism and low productivity continue to plague the regime and reflect labor's resistance to the coercion growing out of enforced production norms, the standardization of wage scales and a military draft rigged to provide cheap labor for the regime.

To keep the Cuban economy operating at minimum levels the Soviet Union, and to a lesser extent the other Communist countries, have been forced to grant Cuba large-scale economic assistance. Communist economic aid in the period 1961-64 is estimated to have amounted to well over \$1 billion. This has constituted a sharp drain on Communist, especially Soviet resources, and the end is not in sight. Taking into account Soviet credits to finance Cuba's projected trade deficit with the U.S.S.R. in 1965 and the subsidy Cuba receives on its sugar sales to the Soviets, the U.S.S.R. will probably give Cuba upward of \$300 million in economic assistance this year.

The serious economic difficulties which the present regime faces and, according to the best estimates, will continue to face have a definite effect on the political situation of the regime. Frictions and strains are evident within the power structure of the regime as it continues to be incapable of performing on its promises of a better economic life. As popular support of the regime declines, it resorts more and more to repression. The recent wave of arbitrary arrests, the purges among university students—heretofore a specially favored group—all testify to the need of the regime to exert greater control over the population.

The dependence of the present regime on the Soviet Union has created frictions, not only between the regime and Moscow which is trying to exert stronger controls over the uses to which its huge subsidies are put, but also within Cuba between contending pro-Moscow and anti-Moscow factions. These internal political developments, which have been influenced by external economic pressures, suggest that there are cracks in the structure which appears outwardly solid and that these cracks may be widened by frictions and pressures which exist within the system.

In addition to carrying out programs for weakening the Cuban base for subversion, the United States has been assisting and cooperating with the Latin American nations in strengthening their ability to resist that subversion. In the short term, the second part of our strategy has been executed bilaterally and multilaterally through the OAS and through cooperative arrangements with the countries of the Central American isthmus. Although much remains to be done, measurable progress has been made in the field of controls on the travel of subversives to and from Cuba, the transfer of material, funds, and propaganda, internal security, and surveillance of borders and coastline.

The decision of the OAS Foreign Ministers in July of last year, referred to earlier in an economic context, marked a significant step in the political and psychological isolation of the Cuban regime from the rest of the hemisphere.

The fact that these actions were taken by an overwhelming vote of the Foreign Ministers testified to the growing awareness of the subversive threat on the part of Latin America. It also clearly demonstrated the decline of the appeal of Castro communism in the hemisphere. Moreover, both of these factors are reflected in the action of Latin American maritime unions against vessels of countries trading with Cuba.

The Cuban regime and the Communist parties in Latin America are currently making a determined effort—in line with decisions taken at the November 1964 meeting in Havana of the Latin American Communist parties—to capitalize on the Dominican situation to recover ground which they have lost over the past 2 years. With good sense and firm determination and with the continuation of present policies toward Cuba, refined and reinforced by lessons learned and actions taken in the Dominican crisis, the United States, and the other members of the OAS will move forward toward the unchanged and unchanging goal of a truly free Cuba.

It may be difficult to warn nations of the dangers of communism when looking at distant Russia or China, but we have only to point to nearby Cuba.

Castro's communism is incompatible with the needs and desires of the people of the Western Hemisphere in their legitimate attempt and desire to better themselves. Within the framework of Latin America, Cuba before Castro was high among economically developed nations. Health standards, education, housing, agriculture and industry ranked at or near the top of the list of Latin American nations. The fall to its present position today can be but further proof of the folly of Castroism.

The actions of this Congress in supporting the President in all these efforts is an indication of the support of the American people and an indication to the rest of the world of our firm resolve that no new front be opened to the Communists in the Western Hemisphere or elsewhere, and that we intend to speed the removal of Castro and his like from the island of Cuba as well.

Those who say we have forgotten Cuba must have their eyes closed, as some of them did when Castro came to power in the first place. It is assuring for the American people to see, through the Johnson doctrine, that their President has his eyes open. We know him by his actions. We remember them by their inaction.

As a further indication of the support being given the President in south Florida, I include four editorials on the Dominican situation to be printed at this point in the RECORD.

[From the Fort Lauderdale (Fla.) News, May 4, 1965]

LONG OVERDUE U.S. POLICY MAKES CLEAR TO THE WORLD WE WILL PROTECT OURSELVES

There would appear to be little question today but that under President Johnson's personal supervision the United States has embarked upon a new foreign policy approach which, thought fraught with considerable danger and unpleasant consequences, is one which almost all clear-thinking citi-

zens can welcome as a sorely needed restatement of basic American principles.

Where this new policy will eventually lead us is almost anybody's guess. Our involvement in the Dominican situation on the scale the President has ordered is certain to bring screams of protest, not only from the Communist world, but from certain of our so-called friends and allies who have already labeled our intervention as a return to the era of "gunboat diplomacy."

Yet, as we stated in this space last week, and which evidence produced by our military, diplomatic, and intelligence agencies has confirmed, it was only the quick dispatch of American forces to the Dominican Republic which prevented a Communist takeover in that nation and a much greater loss of life and property than has yet occurred.

As of now, there seems to be little prospect that our military intervention in the Dominican Republic will be of the quickly in and quickly out style. To the contrary, all evidence clearly points to the maintenance of strong American forces in that country until such time as we are assured that law and order have been restored, that a stable and acceptable government is in control of things, and that the withdrawal of our forces will not be a signal for the same Communist elements which tried to seize power before to make another and perhaps more successful attempt.

To those Americans who have had to disgustedly stand by and watch the sequence of events which culminated in the establishment of a Communist base of operations in Cuba, President Johnson's unequivocal statement this past Sunday night that we would not permit the Dominican Republic to go the way of Cuba, came as a refreshing breeze.

But saying this is far easier than doing it, and thus, as in the Cuban missile crisis, Americans will have to wait on future developments before making any final assessment of President Johnson's determination to keep this hemisphere free of any further Communist encroachments.

In the meantime, Mr. Johnson is making every effort to persuade the member nations of the Organization of American States to establish a task force which can go into the Dominican Republic and take over the responsibilities now being carried out by American troops.

These responsibilities are hardly of a minor nature. They involve such grim tasks as burying the dead and caring for the wounded; of bringing in food and medical supplies so that people won't starve or die of neglect; of restoring communications and other essential public services in order to bring back a semblance of normal life to the battle-ravaged city of Santo Domingo; of finding some effective way to reclaim the great number of weapons put into civilian hands by rebel forces at the start of the revolution, and, finally, of reestablishing law and order to the point where the people of the Dominican Republic can freely choose new leaders to guide their own destinies.

This is a large order and it cannot be accomplished overnight. Thus, it seems inevitable that American forces, now that they are in the country, must stay there until we are certain that what these troops were sent in to accomplish isn't frittered away by a premature withdrawal or by bowing to the shrill demands of those who are presently accusing us of armed aggression and unwarranted intervention into the internal affairs of another nation.

This Dominican affair, coming as it did on the heels of our greatly stepped-up participation in the war in Vietnam, provides the Communists and the neutrals with a lot of grist for their propaganda mills, and we would be naive not to expect them to exploit this opportunity to the utmost.

But we have been slandered and vilified before so this will be nothing new or

different. The main point Americans should remember is that at long last we appear to have reached the point where protection of our own interests, our own security and that of other free nations are all being considered of greater import than whatever opinion other countries might have of our conduct or our policies.

We sincerely hope that President Johnson meant exactly what he said when he stated Sunday night we "cannot, must not and will not permit establishment of another Communist government in this hemisphere." That is a statement that has been long overdue, and regardless of the consequences its enforcement might bring, we think it is time we meet this threat head on and make it crystal clear to all the world we are not afraid to back up our principles with whatever force is needed to carry them out.

JACK W. GORE.

[From the Palm Beach (Fla.) Post,
May 4, 1965]

DOMINICAN DOCTRINE

President Johnson's report to the Nation on the Dominican situation was a heartening one, and no criticism in the U.N. Security Council or indecision on the part of the Organization of American States should be allowed to weaken the firm stand taken.

His statement that the goal of the United States "is to help prevent another Communist state in this hemisphere" should serve as a warning to all concerned that the spirit of the Monroe Doctrine is not dead.

Even though we allowed it to lapse in the Communist takeover of Cuba, the Reds have now been put on notice that the Western Hemisphere is not open to further incursions. With a little further stiffening of the U.S. backbone, perhaps even the Cuban cancer can be eliminated.

When U.S. Marines were dispatched to the Dominican Republic last week, the message was plain: This country is fed up with having its citizens threatened, its Embassies attacked, its interests violated, either by lawless mobs or hostile foreign governments.

Now with the strengthening of U.S. Armed Forces on that embattled island another plain message has been delivered: This nation also is fed up with Red infiltration and aggression in the Western Hemisphere.

Primary purpose of U.S. Marine and Army units in the Santo Domingo area still is protection of the lives of Americans and other foreign nationals. That became necessary when Dominican ability to preserve order and protect lives broke down under Communist-directed mob action.

But now these military forces have a second mission: To thwart apparent efforts of Castro Cuba Communists to turn the Dominican revolt to their own purposes and possibly establish a Red regime in Santo Domingo similar to—if not directly tied to—the one in Havana.

The obvious interest and involvement of the Kremlin and its Cuban puppet was emphasized in their calls for U.N. action to condemn U.S. landings in the Dominican Republic.

Moscow called it another attempt to keep in power a reactionary, an antipopular dictatorship regime which suits the United States, and to suppress the strivings of the people for freedom and independence.

Havana called it a new and insolent aggression against the sovereignty and independence of a foreign country.

Those whose toes are stepped on naturally yell the loudest. And, of course, there are altogether too many who will listen sympathetically.

It seems to be impossible for the United States to undertake a humanitarian action without having the pink-hued neutrals, and even some of our allies, believe Communist charges of sinister political purposes.

Unfortunately, in the past, this presumed reflection of world opinion has been allowed to alter the shape of our foreign policy to the point where we have none worthy of the name. And the inevitable result has been a slow retreat in the face of encroaching communism.

It is time to call a halt to that—with the blessing of the United Nations and the active support of the OAS, if possible; in defiance of both, if necessary.

Pinkish pickets in New York, protesting the Dominican action, carried signs reading: "One Vietnam is too many." One Cuba is too many, too.

[From the Sun-Sentinel, May 3, 1965]

JOHNSON BOLDNESS BARRED RED GRAB

The United States and the free world are about to be forced to sit through act II, scene II, of that tired old Communist road show farce: "Uncle Is a Teenage Imperialist."

In act I, friendly and dashing juvenile lead, Juan Bosch, came on stage as the student prince. There was dancing and singing and gaiety at the palace because the wicked dictator was dead and Juan had come home from school abroad to rule.

All of the subjects frolicked and did as they pleased and the professional troubadours sang Juan's praises outside the realm. But some of his old school chums became a little too exuberant and began filching the silver and annoying the maidens as their companions plotted to move in with Juan and rule the kingdom.

So the mean old captains of the guard marched in and threw the culprits out, telling Juan to begone because the subjects must return to their tasks, or the palace would fall into the hands of the enemy.

Act I ended with Juan sulking in a sympathetic neighbor state and plotting his return.

The second act opened with some of Juan's comrades, who had been mingling with the people, rising up suddenly and attempting to capture the unromantic captains to throw them in the dungeons so Juan could come home.

But to everybody's surprise, Uncle Sam, who was busied battling scoundrels in the distant Orient, sent in forces to aid the beleaguered captains. They set down the revolt and the rebels demanded forgiveness, insisting they wanted merely to have Juan in his rightful place in the palace and to set the people free.

That sets the stage for the second scene of the second act. In this, Juan's followers will become emboldened and will demand concessions for putting down their arms. Meanwhile, back in the old university, their colleagues will call for a meeting of the prime ministers of the many nations and they will point an accusing finger at Uncle Sam, claiming that he really didn't want to protect the freedom of Juan's subjects, but actually seized the opportunity to serve his imperialist ambitions.

Some of the prime ministers will agree and will insist that the rebels are the real heroes and should not be punished. Other ministers will fall to arguing among themselves and there will be much confusion and the scene will end with word being received trouble has flared elsewhere. All exist with much confusion.

If this plot seems familiar, it is, because it has become such a part of our real life. It doesn't take much effort to set the scene in Cuba, or West Berlin, or the Congo, or Vietnam—or the Dominican Republic. Only the actors and the costumes change. The play remains the same and there never is a third and final act.

What will happen now is the rebels in the Dominican Republic will insist upon asylum and protection, and will have the audacity to demand concessions for a rebellion that did not succeed.

Already, Russia has called for an emergency meeting of the United Nations Security Council. They want to heap blame upon the United States and President Johnson for supposed aggression by intervening in the Dominican revolt and preventing what surely was intended to have been another Communist takeover under the disguise of an act of liberation.

The truth of the matter, of course, will show that Communists trained the insurgents and instigated the entire affair. But it will be the United States who will be roundly castigated on the world's propaganda network.

The time has come to end this theatrical fantasy and to face the realities of life. All of the shouting in the world is not going to erase the brutal fact that conspirators callously upset the orderly life of a sovereign nation, bringing death to hundreds of people and misery to thousands of others.

For this the rebels should not be permitted to go unpunished and left in a position for a repeat performance at a time and place of their own choosing. Nor should the worldwide Communist conspiracy be left unreprimanded for its role in this heinous affair.

We, the United States, do business with the Soviet conspirators, supplying them with food and materials, while they, in turn, export weapons and death and slavery to the distant points of the earth.

This arrangement should come under the severest review as a result of the Dominican Republic affair that would have been another Communist foothold in the Western Hemisphere, had it not been for decisive action on the part of President Johnson and the muscle of the U.S. Marines.

Indeed, the Communist road company has put on its show just once too often. The long overdue time has come to tell the players to disband and to ring down the final curtain on their hackneyed farce.

WILLIAM A. MULLEN.

[From the Miami (Fla.) Herald,
Apr. 29, 1965]

THE MARINES HAVE LANDED

Yesterday this newspaper pleaded: "Let us have no second Cuba in the Dominican Republic."

Today it makes no difference whether we said this or whether someone else did. The pertinent fact is that President Johnson has acted swiftly to prevent just such a catastrophe. He has sent a powerful marine unit ashore for the ostensible purpose of protecting American nationals in the hotted-up civil war. One faction in that conflict would return Juan Bosch to power with the help of undisguised cadres of Communists.

It is all very well to argue that we have no real business in Santo Domingo. The same argument was made—much to our woe—in that vacillating venture known as the Bay of Pigs which has cost the United States worldwide prestige and a Red foothold one jump from the U.S. mainland.

We think that Mr. Johnson moved wisely last night.

He was careful to consult the friendly council of the Organization of American States.

He conferred with and responded to the Dominican government in power (though beleaguered) which requested our help.

He brought in the congressional leadership.

It is clear, however, that the Marines are there to stay a bit, for their "assistance will be available to the nationals of other countries."

Well, let them stabilize the situation, not in the selfish name of any entrenched and selfish colonialism but to protect the national interests of two proud peoples in political freedom in the Caribbean.

[From the Fort Myers (Fla.) News-Press,
May 5, 1965]

THE JOHNSON DOCTRINE

For more than a century the Monroe Doctrine was a keystone of American policy. It proclaimed that the United States would consider any attempt by the European powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety" and implied that we would act accordingly to prevent it. There were some who said the Monroe Doctrine was dead when Soviet Russia was suffered to extend its system to Castro's Cuba.

But now in connection with the Dominican Republic trouble a Johnson doctrine has been proclaimed. In his speech explaining the dispatch of U.S. troops there, President Johnson stated the doctrine in these words: "The American nations cannot, must not and will not permit the establishment of another Communist government in the Western Hemisphere."

The Johnson doctrine is pointed squarely at the problems confronting this Nation and this hemisphere in 1965 and is admirably suited to dealing with them, just as the doctrine proclaimed by President James Monroe in 1823 was shaped for the problems of that day. Then Russia was seeking to stake out exclusive rights for fishing, commerce and industry along the whole northwest coast of North America; and European nations were conniving under the doctrine of "the divine right of kings" to restore their monarchic rule over newly independent Latin American States that had overthrown Spanish rule. Today, of course, the threat comes from Communist subversion and aggression.

One difference between the doctrines of Monroe and Johnson is that the former was unilateral on the part of the United States alone while Johnson phrases his as a doctrine for "the American nations" and not just this country. But this is more a difference in form than in substance. Throughout the years after 1823 the United States frequently invited the other American republics to adopt the Monroe Doctrine. President Wilson sought to give it a worldwide application. He told the Senate in 1917: "I am proposing, as it were, that the nations should with one accord adopt the doctrine of President Monroe as the doctrine of the world; that no nation should seek to extend its polity over any other nation or people, but that every people should be left free to determine its own polity, its own way of development, unhindered, unthreatened, unafraid, the little along with the great and powerful." The other nations did not adopt the doctrine; it would have been a vastly better world if they had.

"The American nations," through the Organization of American States, may or may not adopt the Johnson doctrine. But whether they do or not, the United States must in any event be its chief supporter and bear the responsibility for the upholding of it. The Monroe Doctrine was never a part of international law. Yet it rested, as Elihu Root stated, "Upon the right of self-protection and that right is recognized by international law." So will it be with the Johnson doctrine.

Mr. GRIDER. Mr. Chairman, the foreign aid program is one of the most successful assets the American economy has going for it.

There are both immediate and long-term benefits from the crop which we are so carefully planting with our foreign aid program today.

To begin, we all agree that the aim of the foreign aid program is to help the weak to become strong; to help the underdeveloped countries of the world to preserve their independence, stand on

their own feet and take their place and assume their responsibilities alongside of the other countries in the world which are in their turn, helping others.

Many of those whom we have helped, have gained in economic stability to the point where they have foreign aid programs of their own and are doing their part to assist the less fortunate countries. Japan is an example of this and an outstanding example too.

To illustrate my point, sizable economic aid from the United States to Japan was ended over 10 years ago. More recently, Japan has agreed to repay \$490 million of our economic aid grants, and its own foreign aid and reparations program a year ago totalled nearly \$300 million. For nearly a decade, Japan has been second only to Canada as the best market for U.S. exports.

You can see the double-barreled effect of this. Not only are they in the process of the actual repayment of the grants which were made to them but they are using our products; assisting our labor, industry, management, agriculture—our economy by importing our merchandise. Since 1950, United States exports to Japan have tripled. They have doubled to Western Europe during this same period of time.

Japan and Western Europe are not the exceptions. There are other equally striking examples, which I could mention, to show that our work has been effective.

You have all heard, many times, that 85 percent of the foreign aid dollar is spent in the United States. In the foreign aid program we are not sending money overseas but we are sending American goods and American services and in doing this, this means business, export orders for factories, farms, railroads, trucking lines—in fact, the American economy.

There are now 129 colleges and universities—including our own University of Tennessee—involved with the foreign aid program through more than 300 technical assistance contracts.

Private American engineering and construction firms are now at work in over 50 countries supervising the design and construction of more than \$4 billion in AID-assisted capital projects; irrigation systems, power dams, fertilizer factories, and the like.

Since 1961, AID has enforced a "buy American" policy and has tied the AID dollar to the American economy. This "buy American" policy is tied to anything AID finances for development: machinery, commodities, the services of engineering and construction firms, the services of technical experts of any kind, and so on.

In 1964, American business and industry exported nearly a billion dollars worth of goods to Asia, Africa, and Latin America under the AID program. American shipping lines were paid another \$80 million to carry these goods to their destinations.

My congressional district, Memphis and Shelby County, stands at the hub of three States, at the center of a booming economy. And in Mississippi, Arkansas, and Tennessee in the past 3 years, AID-financed commodity procurement contracts have totaled \$31,481,614.46.

Before my colleagues in the Mid-South oppose this measure, I hope they have looked at this matter from a strict dollars-and-cents viewpoint. These millions are spent right in our own States, providing jobs for our people.

In Memphis alone, during the past 3 years, AID-financed commodity procurement has totaled \$1,381,733.38. Here are the AID contracts authorized in Shelby County, Tenn., since January 1962:

AID-financed commodity procurement, Memphis, Tenn., January 1962 to May 24, 1965

Producer	Commodity	Country designation	Amount
Acetylene Cylinder Corp.....	Acetylene cylinders.....	Turkey.....	\$35,020.00
Ely & Walker.....	Yarns.....	Republic of Congo.....	2,999.72
Firestone International Co.....	Tires and tubes.....	Turkey, Pakistan, and Republic of Congo.....	287,900.31
Firestone Tire & Rubber Co.....	do.....	Pakistan.....	43,249.75
Fruehauf Trailer (division of Fruehauf).....	Components, power station.....	India.....	9,782.00
General Cable Corp.....	Not given.....	Yugoslavia.....	25,000.00
W. R. Grace & Co.....	Urea.....	Vietnam.....	782,703.69
International Harvester Export Co.....	Trailers.....	Pakistan.....	18,375.00
Layne & Bowler, Inc.....	Pumps, steel drums.....	Vietnam.....	79,277.40
Memphis Hide Co., Inc.....	Hides.....	Yugoslavia.....	36,600.00
Oliver Corp.....	Spare parts for combines.....	Turkey.....	221.29
Velsicol Chemical Corp.....	Heptachlor.....	Turkey and Korea.....	60,604.22
Grand total from Memphis, Tenn., January 1962 through May 24, 1965.			1,381,733.38

In the most immediate sense, the AID program means production orders for American business. Profits, not in the future, but now, today. There are more than 400,000 jobs created by the current AID program. AID-financed orders are handled through regular commercial channels. The business is there to bid on now—and it's reserved for American enterprise. It is the gateway to some great potential future markets.

Because it is tied to U.S. procurement, the AID program is a kind of "welcome wagon" for American products, intro-

ducing them into areas that have traditionally traded with somebody else. At the same time, by helping other countries develop and expand their economies, the AID program helps to create more paying customers for American exports. After all, people without money or jobs are not much of a market, whether they are in this country or overseas.

We have already experienced many benefits from our AID program, and, in time, we will reap even greater dividends. In time the countries which we are as-

sisting will be able to take their part in a stable world, economically fit and able. Then we will reap the greatest economic benefits as the new markets which we have helped to develop begin to spend more and more in the United States.

I urge complete and wholehearted support of the President's request for the full authorization for our foreign aid program.

DOLLAR SAVINGS ATTRIBUTED TO ROGERS AMENDMENT TO THE FOREIGN AID PROGRAM

Mr. ROGERS of Florida. Mr. Chairman, in an effort to follow compliance with a provision in the foreign-aid program which calls for progressive reduction and eventual termination of bilateral economic grant assistance, I again asked for a separate report on savings which can be attributed to this provision this year.

This provision, which I sponsored, and which was adopted by the Congress, marked the first expression of congressional intent that such assistance be terminated.

I am pleased to state that the total savings which may be attributed to this provision amounts to \$763 million, and that the number of countries receiving this type of assistance has been reduced by 38.

I ask that the report which I received concerning this provision be included in the RECORD at this point:

DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT,

Washington, D.C., May 24, 1965.

THE HONORABLE PAUL G. ROGERS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ROGERS: I am pleased to respond to your inquiry regarding compliance with the Rogers amendment to the Foreign Assistance Act of 1961 (sec. 634(e)).

This section, as you know, directs the executive branch, wherever practicable, progressively to reduce and eventually terminate bilateral grant economic assistance. This directive has been in effect with reference to supporting type assistance since fiscal year 1959, and with reference to technical cooperation type assistance since fiscal year 1962.

Attached are two charts showing the progress that has been made in complying with the Rogers amendment in these two appropriation categories.

With reference to supporting type assistance, the total request made by the executive branch has declined from \$1,047 million in fiscal year to \$369 million in fiscal year 1966—a reduction of \$678 million. The reduction in the number of countries for which such assistance is programed has been from 41 in fiscal year 1959 to only 13 in fiscal year 1966—an overall reduction of 28 countries.

With reference to technical cooperation type assistance, the total reduction in the appropriation request from fiscal year 1962 to 1966 is \$85 million. The reduction in the number of countries has been 10—from 77 in fiscal year 1962 to 67 in fiscal year 1966.

These figures show that there has been substantial compliance with the congressional directive contained in the Rogers amendment regarding the reduction in bilateral grant economic assistance.

I hope this information will be helpful to you, and if there is any way we can be further assistance, please do not hesitate to call.

Sincerely yours,

WILLIAM S. GAUD,
Deputy Administrator.

Supporting type assistance appropriation requests since application of the Rogers amendment (sec. 634(e))

Fiscal year	Appropriation request (millions)	Number of countries for which assistance programed
1959.....	\$1,047	41
1960.....	1,106	42
1961.....	992	34
1962.....	610	42
1963.....	481	22
1964.....	435	19
1965.....	405	14
1966.....	369	13
Total reduction in request, fiscal years 1959-66.....	678	
Reduction in number of countries, fiscal years 1959-66.....		28

¹ Includes \$70,000,000 special additional request for South Vietnam.

Technical cooperation type assistance appropriation requests since application of the Rogers amendment (sec. 634(e))

[In millions]			
Fiscal year	Appropriation request	Amount for Alliance for Progress	Number of countries for which assistance programed
1962.....	\$380		77
1963.....	435	(100)	80
1964.....	357	(100)	79
1965.....	310	(85)	69
1966.....	295	(85)	67
Total reduction in request: Fiscal years 1962-66.....	85		
Reduction in number of countries, fiscal years 1962-66.....			10

Mr. CELLER. Mr. Chairman, the following is my testimony before the House Committee on Banking and Currency on my bill, H.R. 6464, to amend section 2 of the Export Control Act of 1949. I call for protection of American business against the Arab economic boycott of Israel. The text of my statement follows:

The question before us essentially is this: Must American businessmen submit to loss of trade, to bring used as a "weapon of war" and impeded in international commerce, and to being dictated to by a foreign government as to where and how to invest. I speak of course of the Arab economic boycott against the State of Israel.

Such boycott has forced the American businessman to choose between the Arab Government and Israel. This is an unwarranted interference with private American interests. As third parties, the American businessman or firm is forced into a political squeeze. In the instance of the Arab boycott, we do not have the situation of one antagonistic country confronting another in recognized economic warfare. Here we have the situation of American business interests being adversely affected, not because they are nationals of either country but only because as third parties, private parties, they seek legitimate commercial objectives in international trade and investment. We have ample documentation to show that not only are those firms involved who directly seek trade and investment outlets in the Middle East, but that firms who deal with such firms are also adversely affected and boycotted. Thus, the boycott stretches not only to one private firm but to second, third, fourth, and

even fifth firms who are commercially bound up with the first.

I know you are aware of the humiliating questionnaires to which American firms trading with Arab countries are subjected and the degrading affidavits which they are compelled to sign. There are those who say this is a very simple problem. They say that there is no need for legislation, that the American firm need not submit, but this is easier said than done. American trade, American jobs, American productivity are all involved.

What the American business firms need is the unequivocal backing of U.S. law. We must give the American interests the vehicle whereby they can state they cannot defy the provisions of the Federal statute. We must remember, too, that the Arab nations have shown no constancy in applying this boycott. Wherever they wished, they looked aside. With this act on our books, I have no doubt that the whole Arab boycott would collapse. Blackmail no longer being possible, the Arab nations would accept American trade opportunities and investments lest their economic plight, already manifest, become truly desperate.

The passage of H.R. 6464, I repeat, would give American business the assurance it needs that it has governmental backing in rejecting the sordid and sorry Arab boycott. Thus, we also encourage the expansion of international trade into the entire Middle East and help to lessen the tensions therein and make a valuable contribution to world peace. We declare thereby that Israel is here to stay and that the United States recognizes its international rights to trade freely.

Some have wished to back away from supporting this bill, saying that we would establish a precedent and thus tie the United States hands in dealing with countries antagonistic to her. This is not so. We must recognize the major difference. Such restrictions as we have, for example, against China and Cuba are limited to U.S. citizens, U.S. companies, and products of U.S. origin. Here is a matter of government versus government. We do not impose restrictions on private citizens of foreign countries.

It is true that we do penalize foreign firms that misrepresent and violate restrictions on our own exports. We also penalize ships that trade with Cuba by denying them U.S. Government-financed cargoes. But that is as far as we go.

Let me make it clear we are not asking for Congress to legislate for Israel. We are asking Congress to legislate for the protection of American business and American commerce.

Mrs. KELLY. Mr. Chairman, I rise in support of the legislation before us.

H.R. 7750 authorizes the funds necessary to carry on the foreign aid program for another year and makes a number of amendments to the basic act to improve the operation of the program.

For almost two decades the United States has provided economic and military assistance to foreign countries. Foreign aid has become a major factor in the conduct of our Nation's foreign policy. Through our aid programs we have sought to contain the march of world communism and to assist the underdeveloped countries to economic viability.

As President Johnson so aptly has said, foreign assistance offers "strength to those who would be free; hope for those who would otherwise despair; progress for those who would help themselves."

The duration of the program, the kinds of assistance we provide, and the

amount we spend will depend on the progress made in coping with the Communist menace and bringing economic and sociopolitical stability in the less developed countries.

Under past and present administrations, a long succession of studies of the foreign aid program and its impact on our foreign policy, have judged the aid program to be in our national interest.

Neither these surveys nor the executive branch has recommended a dramatic departure from the program as it is currently structured.

We must remember, however, that the House Foreign Affairs Committee conducts a continuous review and analysis of this program. And each year, through suggestions conveyed to the executive branch, and through legislation, our committee attempts to strengthen the program, to improve its operations, and to make sure that its size and direction correspond to our foreign policy requirements at this particular time.

There is one conclusion which our committee has reached over the years, and which is as valid today as it was 2 or 5 years ago; namely, that the military and the economic portions of this program are interdependent, and that both of them must be related at all times to specific objectives of our foreign policy.

With this I fully agree. I believe that separating the economic and the military components of this program simply does not make sense. In my opinion, the program cannot be so divided without the prospect of harm being done to it and to our foreign policy.

I also believe that, for some years to come, the foreign assistance program will continue as a permanent feature of our foreign policy.

This conclusion is dictated by our national self-interest. We cannot, we must not, let our guard down simply because Communist tactics change, and Communist-sponsored revolutions and subversion may at a particular time appear to be abating. While the Communists continue to adhere to their goal of world domination, we must do what we can to prevent them from attaining that goal.

But there is a further reason for this program: The progress of science, of transportation and communications, is bringing the peoples of the world closer together. In a world made small by the concurrent revolutions of the 20th century, we must be able and be willing to continue our programs of mutual assistance for mutual benefit and security.

There is one thing I would like to add: I regret that the oversight and coordination of many programs which bear directly on the implementation of our foreign policy, are scattered among various committees. This state of affairs makes difficult an overall evaluation and direction of these activities.

In particular, I regret that the operation of the Public Law 480 program does not come under the jurisdiction of the Foreign Affairs Committee. The policy embodied in this program, its scope and the various activities it finances, have a major impact on our foreign policy.

Also, the shortcomings of this program reflect on the work of our committee—yet we have no effective responsibility or control over it.

In conclusion, Mr. Chairman, I wish to reiterate my strong belief that the foreign aid program is vital to our national security.

The authorization in the bill before us—\$3.4 billion—is essential to enable the United States to deal effectively with the present world situation and to promote our national interests abroad.

This, by the way, is the smallest authorization requested by the executive branch, and approved by the Foreign Affairs Committee, in many years.

I hope that in the future, the world outlook will be brighter so that we may be able to make even further reductions in these programs. Until this happens, however, I urge that we approve the full amount recommended in the bill.

I would also like to say that I for one—and I am certain that the chairman and other members of the Foreign Affairs Committee would likewise—welcome any suggestions for the strengthening of this program.

Constructive criticism is welcome and healthy—and it will serve our national interest.

At this point, Mr. Chairman, I would like to address myself briefly to some of the improvements in the foreign assistance program which I have sponsored and which are reflected in the bill before the House.

First, with respect to private pilot housing projects in Latin America.

H.R. 7750 contains my amendment which increases from \$250 million to \$450 million the amount of guarantees that may be issued under this program. I believe this change is required for two reasons:

First, virtually all of the \$250 million currently available for this very successful and effective program is used up. Unless additional money is provided, the progress that is being made toward the solution of Latin America's critical housing problem, will be jeopardized.

Second, in the bill before the House today, we are proposing to expand the pilot housing project program to include the building of institutions necessary to the success of the Alliance for Progress—institutions such as cooperatives, savings and loan associations, and other community and regional enterprises. These private self-help associations, such as Father McClellan's Savings and Loan League in Peru, can serve as a bootstrap for economic progress in all of Latin America.

My second amendment relates to the extended-risk guarantee program.

There is \$300 million available for this program. Very little of this money has been used to date. Also, the executive branch, through administrative action, has set aside \$50 million under this program for worldwide housing guaranties.

My amendment increases that set-aside to \$150 million. Housing is one of the critical needs not only in Latin America but also in other developing continents. And decent housing is one of

the foundations of social and economic progress. We should, therefore, make every effort to encourage home-building as a part of an integrated approach to the conquest of disease, poverty and illiteracy in the free world. This is what my amendment proposes to do.

My third amendment relates to military sales—an activity in which I have been interested for many years, and which has been affected positively by the amendments which I have offered, and which the Congress had adopted, over the years.

One of the apprehensions voiced recently in the press is that the military sales program may be getting too big and may antagonize some of our allies in Western Europe. I do not believe that this program is producing such results. Nevertheless, in order to keep military sales activities under appropriate safeguards and restraints, I have offered an amendment which appears in section 201(d)(2) of the bill and which provides that in making sales abroad, the military authorities must endeavor, to the extent possible, to sell equipment for what it costs the U.S. Government. This is intended to forestall any overly competitive bidding and underbidding in such sales. My amendment further provides that with respect to any sale in which the proceeds are not sufficient to cover the cost of the equipment to the U.S. Government, detailed reports must be made promptly to the Congress.

Mr. Chairman, I believe that the amendments I have just described strengthen and improve the foreign aid program. I have offered them in the spirit of constructive support for this program, and I hope that they will be adopted by the House.

Mr. NEDZI. Mr. Chairman, the foreign aid program is working now to insure the future of all of us and of the generations to come. It is a program of foresight, initiative, imagination, trust and courage and a sincere belief that the result of it will be a more stable world of the future.

One of the main goals of our aid program is to make the less fortunate recipient countries self-supporting and independent; able to take their proper place among the nations of the world and to assume their fair share of world responsibility. Well, as proof of the success of our program, we have been able to end economic aid to 26 countries since the program began after World War II. Of that 26, 13 have made so remarkable an adjustment to self-support that they have become our partners in the world foreign aid program and are carrying on foreign aid programs of their own. This is, I think, a highly impressive figure and it will increase as the years go by.

Another positive accomplishment has been the shift in emphasis of our program. Ten years ago, two-thirds of our aid was military—today, two-thirds is economic and most of that is directed toward long-term development, improving the ability of more countries to support their own continued growth.

Foreign aid has made great contributions in the field of health. Reported cholera cases in the less-developed countries dropped from 211,943 in 1950 to 32,827 in 1960 and cholera deaths from 130,481 to 12,806 in the same period.

By 1963, 700 million of the 1.4 billion people who live in the less-developed world's malarious areas were protected by malaria education programs and for more than 300 million of these, the threat of malaria has been completely eliminated. Our aid has financed much of the DDT and equipment for this humane program. In India, for example, malaria which formerly incapacitated 100 million people each year has almost been completely eradicated. Wells for potable water have increased at a rate of 85,000 a year.

We are making strides in the field of health and we are conquering the enemy of disease. This too is a long-range battle but well worth the effort in our continual striving to bring about a better world and a better life in the future.

We are battling on other fronts also, and I mean in such areas as ignorance, hunger and poverty. Slowly, we are winning in the battle against disease. We are also making progress in the battle against ignorance. Since 1958, the less-developed countries have increased their investment in education an average of 15 percent annually. As an example of this, 2,000 classrooms were built in Brazil in 1964 with 4,500 more slated for completion in 1965 and 1966. In Chile, 72 grade and high schools accommodating 50,000 students were built in 1964 alone. AID-financed contract teams from 11 American colleges and universities are working with the Nigerians to expand facilities and to reshape the Nigerian educational system so that it can turn out skilled technicians at every level from typists to engineers.

In agriculture, tremendous reclamation projects such as the Indus Basin development program in Pakistan will help to greatly increase the yield of wheat in what has been characterized as one of the least productive agricultural areas in the world. With U.S. assistance, Tunisia has become an exporter rather than an importer of fruits and vegetables. Among other things, our assistance helped to establish 24 nurseries which now distribute 2.5 million fruit trees and 50 million vegetable plant stocks annually.

We are working with the governments of less fortunate countries in their agricultural programs to step up production, raising both quantity and quality. Agricultural processes and laws are under revision in many areas. In countries such as India and Pakistan we are co-operating in the establishment of agricultural colleges which are organized not only to train specialists but to transmit new techniques and methods to the field in order that the many can benefit.

One result of this effort has been a demonstrable rise in agricultural output. In Thailand, for instance, rising agricultural output has stayed well ahead of population growth, and important new crops like corn have been successfully introduced.

As agricultural techniques and output improves, the battle against hunger is made easier. Hand in hand with this there is a general rise in the stability of the economies of the underdeveloped nations.

I have already mentioned that 13 of the 26 nations to which we have ended economic aid are now carrying on foreign aid programs of their own. In some cases such as France, Japan, and Western Germany, these are programs of considerable magnitude. And in the same vein, there has been a heartening growth in the economies of many of the nations which are still receiving aid from us under our foreign aid program.

One of the most dramatic examples of this is Taiwan where we will close our economic aid mission on the 30th of June. Since 1954, Taiwan's industrial output has tripled and its total output of goods and services has jumped 45 percent. Exports have risen rapidly. Education and health facilities have expanded. Taiwan is one of our brighter accomplishments, yet 10 years ago it was said that Taiwan would be indefinitely dependent upon the United States. Our assistance has not ended poverty in Taiwan. The average income there is still only about \$150 per person contrasted with about \$3,000 per person in the United States but what we have done is to put the people of Taiwan in a position where they can solve their own problems. They are now able, as they were not before, to do the things that will lead to a steadily increasing income for themselves and their children.

We can be proud of our efforts in Taiwan. This growth is but one example of the progress which we are making in other countries. In the years since 1950, the less-developed countries of Asia, Africa and Latin America have:

Increased total production at an average of over 4 percent a year.

Increased industrial output at an average of 8 percent annually—except for Latin America which averaged 6 percent—and

Increased the value of their exports from \$19 to \$29 billion between 1950 and 1962 despite falling world prices for primary products.

We are all familiar with the part which our governmental agencies have played in this development but AID has brought many private resources into the picture. I mentioned the field of education—American colleges and universities are a definite and positive part of our program. As of September 30, 1964, over 100 American universities held more than \$230 million in AID contracts for research, surveys, training and technical assistance. Over \$170 million of this amount was for technical assistance by 67 universities in 41 countries.

Since the enactment in 1961 of the Humphrey amendment to the Foreign Assistance Act, AID has strongly emphasized assistance for the development of farm credit and marketing cooperatives, credit unions, savings and loan institutions and housing and electrical power cooperatives to help organize capital and individual effort at the grassroots level.

For technical assistance in these fields, the Agency has relied heavily on con-

tracts with private American institutions including the Credit Union National Association, the National League of Insured Savings Associations, the Cooperative League of the U.S.A., the National Farmers Union, the Foundation for Cooperative Housing, and the International Cooperative Training Center.

Private American engineering and construction firms are now at work in over 50 countries supervising the design and construction of more than \$4 billion in AID-assisted capital projects; irrigation systems; power dams, fertilizer factories and so forth.

AID contracts with the American Institute for Free Labor Development, spearheaded by the AFL-CIO, have permitted effective labor participation in assistance to Latin America.

Since 1964, through its Partners of the Alliance program, AID has been acting as the catalyst in establishing and sustaining wider private involvement in the Alliance for Progress. Twenty-five active partnerships have developed and more are to follow wherein teams from U.S. communities travel to Latin America to develop, with local counterpart groups, a program of mutual interest based on identified needs and available resources.

The International Executive Service Corps has been formed by industry to assist in providing skilled executives to assist in the development of the less fortunate countries. There are a large number of voluntary agencies which are contributing time, effort, money, and personnel to help to do their part in insuring the success of this program designed for future world progress.

I think we can be proud of our efforts in the field of foreign aid so far. I feel that we can take great pride in the success shown by Western Europe, Japan, and Taiwan and in many other countries where progress has been dramatic.

Our foreign aid program is our way of doing our part to make the future one that we and the generations to come can enjoy and of which we can all be proud.

Mr. PUCINSKI. Mr. Chairman, while I applaud the committee's recommendation that no sale under title I of this act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States, I believe our sanctions would be much more effective if we declared a complete ban on further sales to Nasser until he demonstrates a civilized attitude toward our own country and renounces his attacks on Israel. I am aware that the U.S. Constitution gives the responsibility of determining foreign policy to the President. But, Mr. Chairman, by giving to the Congress the power of the purse strings, our Founding Fathers said in effect that they want the Congress to look over the President's shoulder.

I cannot conceive of a situation affecting our national interest which would permit continued sales to Egypt in the light of Nasser's arrogant statement that we can jump in the ocean with our foreign aid. More important, Mr. Chairman, the fact that Nasser is accepting aid from the Soviet Union with which

to continue his aggression against Israel and the United States, makes it impossible to justify any further aid to Nasser at this time.

I have the highest confidence in President Johnson but I believe the language in the bill puts the President on the spot. I believe we in the Congress should set the policy of no further aid to Nasser until he stops muddying the waters by cutting off the authorization for funds at this time. He will squeal and protest but at least he will know that we here in Congress are determined to deal effectively with those who would wage aggression against us or our allies. Israel deserves this kind of positive help from us at this time. I know of no violence that would be done to our foreign policy by declaring a 1-year moratorium on further aid to Nasser. It would give him a year to consider the folly of his policy toward those who sincerely want to reach a just and peaceful solution in the Middle East. We shall review this entire legislation in another 12 months. If Nasser shows signs of civilized conduct, we can again consider renewing our assistance program to Egypt. But as far as I am concerned, he should have no more of our assistance, at least until he shows he deserves this kind of aid from the American people.

Mr. GILLIGAN. Mr. Chairman, the arguments pro and con on the question of U.S. foreign military and economic assistance have undergone some change since the inception of the Marshall plan. Yesterday and today the debate on H.R. 7750 has reflected the change in attitude on both sides. As for myself, I have always felt our foreign aid programs were not only sincere expressions of America's historic humanitarian concern for other people whose fates have not been as favorable as ours, but they have been measurably successful in stemming the onslaught of Communist ideology as well as the assumption of power by men who are Communists.

The humanitarian and anti-Communist impulses, however, are themselves not the only reasons for inaugurating and continuing foreign assistance. We have been, and we continue to be, concerned for the economic foundations of new and developing nations. It is in our own best self-interest to assist these countries in fulfilling their legitimate aspirations for sustained economic growth in order to satisfy the material needs of their peoples and to protect their political independence. These nations, once they are on the road to a balanced and developing economy, will then be able to help smooth out the wrinkles in international trade and add significantly to the economic abundance of everyone. Our own economic well-being, therefore, is contingent upon the economic conditions of these countries.

Should we suddenly end or even phase out our foreign aid programs over a period of 2 or 3 years, the consequences at home would be drastic. We would do well to remember that over 85 percent of all foreign aid money appropriated by Congress is providing the foundation for several hundred thousand jobs in the United States. If these funds were sud-

denly withdrawn, the unemployment level would soar. For the State of Ohio the impact of foreign aid funds is even more important. Under AID orders in the 6 months from July to December 1964, Ohio's industry was awarded contracts totaling \$11,552,335.09, and in the 12 months of the same year the total was \$27.3 million. Ohio was second among all the States in the production of goods which were exported under funds administered by AID last year. These funds employ thousands of workers who, we can say with certainty, would otherwise be out of work altogether or only partially employed. These same funds yield rewards for industry in terms of profits and capital investments.

In view of these facts for the State, when we turn to the influence of foreign aid on Cincinnati's economy, we find that in the last 6 months of 1964 industries there received orders totaling \$131,003.09, and probably more—the exact figures are not available and therefore the data were developed from partial computations. For the entire year of 1964, Cincinnati industries were recipients of contracts in excess of \$270,000.

Taking all of these factors into account, Mr. Speaker, I believe we can fairly conclude that foreign aid is not only desirable but necessary in maintaining freedom abroad and a high level of prosperity at home.

Mr. PELLY. Mr. Chairman, I intend to vote against this foreign assistance legislation. Basically I oppose this program because it seems plain to me that foreign aid has not been accomplishing the objections originally intended. Secondly I do not feel that the \$3.4 billion which are expected to be appropriated this year, in view of our regular annual deficits, can be afforded without jeopardizing our economy. I think Congress should reduce the authorization to not to exceed \$1 billion. If this was done and the program was terminated or completely overhauled in the next 2 years, I would vote for the bill.

However, Mr. Chairman, in view of the drain of our foreign aid on U.S. gold stocks, I think the time has come to restrict this program.

The unexpended balances in the program after June 30 this year will total more than \$9 billion.

I do not see how our country with its heavy load of debt and tremendous load of domestic obligations can fight wars and at the same time assist some 70 other countries under foreign aid.

So, as I have said, I intend to vote against the bill on final passage.

Mr. KEE. Mr. Chairman, I rise to enthusiastically support H.R. 7750—a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

No man can deny the fact that foreign assistance has made and is an essential part of our foreign policy. Without the foreign aid program there is serious doubt in my mind that we would be meeting here today. Without this essential program, we would have long since been fighting for survival against foreign invaders in the streets of our cities, towns, and villages.

Under the able leadership of the distinguished chairman of the Committee on Foreign Affairs, the Honorable THOMAS E. MORGAN, the Committee on Foreign Affairs has thoroughly reviewed our foreign assistance program and with a fine-toothed comb has reduced the authorization request to the minimum necessary for our own international survival.

No Member of the House has devoted more time to this essential program—no Member has the experience and the responsibility as that possessed by Chairman MORGAN. I have complete faith and confidence in his judgment and therefore I respectfully urge the Members of the House to pass H.R. 7750 as recommended by the Committee on Foreign Affairs of the House of Representatives. It is urgent for the future of America that we join together to support the proven and experienced leadership of Chairman MORGAN.

Mr. WOLFF. Mr. Chairman, although I disagree with a number of parts of the foreign aid bill, I will vote for the measure because, on balance, I feel that its advantages to our Nation outweigh its disadvantages, and also because in these critical days of confrontation between the forces of freedom and the forces of communism in widely scattered parts of the world foreign aid, carefully awarded and well administered, is a basic weapon in the arsenal of freedom.

I have thus put aside some significant reservations I have about this foreign aid bill and deferred to the broader concerns of national security which this legislation is designed to promote.

Mr. CLEVELAND. Mr. Chairman, during my 3 years of service in the House, I have supported the foreign aid program, each time with a heightened sense that we are getting over our depth and that control has been lost by the administrators of the program and, even more alarming, by the Congress itself. I shall vote for the program again this year, although I shall also vote as in the past for a moderate reduction. Our country has undertaken grave responsibilities and I feel compelled to support our commitments to carry them out.

It should be pointed out that this bill—H.R. 7750—does not represent the total of foreign aid spending by the United States by far, in spite of its inclusive name—the Foreign Assistance Act of 1965. This bill would authorize \$2,197,670,000 for economic assistance and \$1,170 million for military assistance. In addition to this, through other legislation, we are budgeting for this fiscal year:

The Peace Corps, \$115 million; the food-for-peace program—Public Law 480—\$1,658 million; the Inter-American Development Bank, \$706 million; the International Development Association, \$104 million.

When these sums are added to the funds authorized by H.R. 7750, the foreign aid spending for the fiscal year 1966 totals around \$6 billion.

On top of this, after June 30 of this year, there will remain some \$9 billion in money previously authorized that has not been spent in the foreign aid program.

We in Congress cannot run this program ourselves, nor should we try, but we are entitled to an accounting of it that we are not getting. We should insist on it but we are not. We are the ultimate guardians of the Nation's resources and we are ultimately responsible to the American people for our stewardship of them.

ECONOMIC AND MILITARY SHOULD BE SEPARATE

Personally, I do not see why the military and economic portions of foreign aid should be lumped together in a single bill. The military budget concerns the vital defense of our country and the free world. It should probably be in the defense budget. The economic portion concerns the political and humanitarian aspects of our world leadership. It does not make sense to me to put them together in such a way that it is almost impossible for us to revise one without jeopardizing the other.

Budgetary problems and the subject of fiscal responsibility are difficult and complex. Every one of us knows how difficult it is to hold audience attention through a labyrinthine discussion of economics, even though the subject matter strikes to the foundations of our society. Yet we must talk about them and weigh the effects of every program we enact upon welfare of the people—on their jobs, their incomes, the value of the money in which they are paid, and on their general security.

GOLD FLOW PROBLEM

There is dispute among experts on the effect of the foreign aid program upon our national credit, the loss of gold, which is the bedrock of our national credit, and on our financial stability. But there is no disagreement that the program has an effect and that the effect is, to a greater or lesser degree, harmful.

We must keep in mind that, while the purpose of foreign aid is to strengthen the free world in its battle against international communism, and to help underdeveloped and backward countries to achieve self-sufficiency, our ability to reach these goals will collapse utterly if our economy collapses. Without a strong America, the battle would be hopeless.

VOTE TO REDUCE EXPLAINED

So my concern for the program and my vote to reduce it, is not an attack on the principles behind it but a protest over the manner in which it is being administered. It is an expression of concern that Congress is not carrying out its responsibility in this area, that it is leaving too much to the discretion of the anonymous functionaries in the dark departmental caverns downtown.

Foreign aid, it was truly said, can never be a substitute for foreign policy. It is but one tool in a varied arsenal. Our commitments abroad, particularly the war in Vietnam and our involvement in the Dominican Republic, are almost certain to require heavy additional, unforeseen expenditures. Our military resources are gravely extended at present and it is likely that Congress will be called on to authorize substantial new spending for defense. Let us not lose sight of the fact that we are running huge budget deficits, and proposing further tax cuts.

The American people will make any sacrifice they are asked to make if the reasons are clear and sensible. But they will not tolerate waste and the aimless frittering away of their substance nor should they be expected to.

Let us then exercise prudence and care, with the total picture in mind, as we enact foreign aid and indeed all other programs.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. LANDRUM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, pursuant to House Resolution 395, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

MOTION TO RECOMMIT

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill (H.R. 7750) to the Committee on Foreign Affairs with instructions to report the same to the House forthwith with the following amendments: Page 2, after line 8, insert the following:

"TITLE I—DEVELOPMENT LOAN FUND

"SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development loans, is amended as follows:

"(a) Amend section 202(a) by striking out "and \$1,500,000,000 for each of the next two fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*" and substitute the following: "\$1,500,000,000 for the fiscal year 1965, and \$649,292,000 for the fiscal year 1966, which sums shall remain available until expended: *Provided*."

And renumber the following sections accordingly.

Page 5, line 15, immediately after "free" insert "non-Communist-dominated".

Page 6, line 16, immediately after "free" insert "non-Communist-dominated".

Mr. MORGAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the yeas appeared to have it.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 178, nays 219, not voting 36, as follows:

[Roll No. 109]

YEAS—178

Abbott	Fountain	Nelsen
Abernethy	Fulton, Pa.	O'Konski
Adair	Fuqua	O'Neal, Ga.
Anderson, Ill.	Gathings	Passman
Andrews,	Gettys	Pelly
Glenn	Goodell	Pirnie
Andrews,	Griffin	Poff
N. Dak.	Gross	Quile
Arends	Grover	Quillen
Ashmore	Gubser	Race
Baring	Gurney	Randall
Bates	Haley	Reid, Ill.
Battin	Hall	Reifel
Belcher	Halleck	Reinecke
Bell	Hamilton	Rhodes, Ariz.
Bennett	Hansen, Idaho	Rivers, S.C.
Betts	Hardy	Robison
Bolton	Harris	Rogers, Tex.
Bow	Harsha	Roudebush
Bray	Harvey, Mich.	Roush
Brock	Henderson	Rumsfeld
Broyhill, N.C.	Herlong	Satterfield
Broyhill, Va.	Hosmer	Saylor
Buchanan	Hull	Schneebeli
Burleson	Hutchinson	Schweiker
Burton, Utah	Ichord	Scott
Byrnes, Wis.	Jarman	Secrest
Cabell	Jennings	Selden
Callaway	Johnson, Pa.	Senner
Casey	Jonas	Shipley
Cederberg	Jones, Mo.	Shriver
Chamberlain	Keith	Sikes
Clancy	King, N.Y.	Smith, Calif.
Clausen,	Kornegay	Smith, N.Y.
Don H.	Kunkel	Smith, Va.
Cleveland	Laird	Stafford
Collier	Langen	Stanton
Colmer	Latta	Stephens
Conable	Lipscomb	Talcott
Corbett	Long, La.	Taylor
Cramer	McClory	Teague, Calif.
Cunningham	McCulloch	Thompson, La.
Curtin	McDade	Thomson, Wis.
Curtis	McEwen	Tuck
Dague	McMillan	Utt
Davis, Ga.	MacGregor	Waggoner
Davis, Wis.	Marsh	Walker, Miss.
Derwinski	Martin, Ala.	Walker, N. Mex.
Devine	Martin, Mass.	Watkins
Dole	Martin, Nebr.	Whalley
Dorn	Matthews	White, Tex.
Dowdy	May	Whitener
Downing	Michel	Whitten
Duncan, Tenn.	Mills	Widnall
Edwards, Ala.	Minshall	Williams
Ellsworth	Mize	Wilson, Bob
Erlenborn	Moeller	Wyatt
Findley	Moore	Wyder
Fino	Morton	Younger
Fisher	Mosher	
Ford, Gerald R.	Murray	

NAYS—219

Adams	Callan	Dulski
Addabbo	Cameron	Duncan, Oreg.
Albert	Carey	Dwyer
Anderson,	Celler	Dyal
Tenn.	Clark	Edmondson
Annunzio	Clevenger	Edwards, Calif.
Ashley	Cohelan	Evans, Colo.
Aspinall	Conte	Everett
Ayres	Conyers	Evins, Tenn.
Baldwin	Cooley	Fallon
Barrett	Corman	Farbstein
Beckworth	Craley	Farnsley
Bingham	Culver	Farnum
Blatnik	Daddario	Fascell
Boggs	Daniels	Feighan
Boland	Dawson	Flood
Bolling	de la Garza	Fogarty
Brademas	Delaney	Foley
Brooks	Dent	Ford,
Broomfield	Denton	William D.
Brown, Calif.	Diggs	Fraser
Burke	Dingell	Frelinghuysen
Byrne, Pa.	Donohue	Friedel
Cahill	Dow	Fulton, Tenn.

Gallagher	Love	Rivers, Alaska
Garmatz	McCarthy	Roberts
Gialmo	McDowell	Rodino
Gibbons	McFall	Rogers, Colo.
Gilbert	McGrath	Rogers, Fla.
Gilligan	McVicker	Ronan
Gonzalez	Machen	Rooney, N.Y.
Grabowski	Mackay	Rooney, Pa.
Gray	Mackie	Roosevelt
Green, Pa.	Madden	Rosenthal
Greigg	Mahon	Rostenkowski
Grider	Malillard	Roybal
Griffiths	Matsunaga	Ryan
Hagan, Ga.	Meeds	St Germain
Halpern	Miller	St. Onge
Hanley	Minish	Scheuer
Hansen, Iowa	Mink	Schisler
Hansen, Wash.	Monagan	Schmidhauser
Hathaway	Morgan	Sickles
Hawkins	Morris	Sisk
Hays	Morrison	Slack
Hechler	Morse	Smith, Iowa
Helstoski	Moss	Staggers
Hicks	Multer	Stalbaum
Hollifield	Murphy, Ill.	Steed
Holland	Murphy, N.Y.	Stratton
Horton	Natcher	Sullivan
Howard	Nedzi	Sweeney
Huot	O'Brien	Teague, Tex.
Irwin	O'Hara, Ill.	Tenzer
Jacobs	O'Hara, Mich.	Thomas
Joelson	Olsen, Mont.	Thompson, N.J.
Johnson, Calif.	Olson, Minn.	Thompson, Tex.
Johnson, Okla.	O'Neill, Mass.	Todd
Jones, Ala.	Ottlinger	Trimble
Karsten	Patman	Tunney
Karth	Patten	Tupper
Kastenmeler	Pepper	Tuten
Kee	Perkins	Udall
Kelly	Philbin	Ullman
Keogh	Pickle	Van Deerlin
King, Calif.	Pike	Vanik
King, Utah	Poage	Vigorito
Kirwan	Price	Vivian
Kluczynski	Pucinski	Wilson,
Krebs	Purcell	Charles H.
Landrum	Redlin	Wolf
Leggett	Reld, N.Y.	Yates
Lindsay	Reuss	Young
Long, Md.	Rhodes, Pa.	Zablocki

NOT VOTING—36

Andrews,	Green, Oreg.	Resnick
George W.	Hagen, Calif.	Roncalio
Ashbrook	Hanna	Skubitz
Bandstra	Harvey, Ind.	Springer
Berry	Hébert	Stubblefield
Bonner	Hungate	Toll
Brown, Ohio	Lennon	Watts
Burton, Calif.	Macdonald	Weltner
Carter	Mathias	White, Idaho
Chelf	Moorhead	Willis
Clawson, Del	Nix	Wright
Dickinson	Pool	
Flynt	Powell	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Macdonald against.

Mr. Skubitz for, with Mr. Burton of California against.

Mr. Lennon for, with Mr. Toll against.

Mr. Pool for, with Mr. Hanna against.

Mr. Bonner for, with Mr. Bandstra against.

Mr. Del Clawson for, with Mr. White of Idaho against.

Mr. Ashbrook for, with Mr. Nix against.

Mr. Berry for, with Mr. Moorhead against.

Mr. Brown of Ohio for, with Mrs. Green of Oregon against.

Mr. Carter for, with Mr. Powell against.

Mr. Harvey of Indiana for, with Mr. Hagen of California against.

Mr. Dickinson for, with Mr. Roncalio against.

Mr. George W. Andrews for, with Mr. Resnick against.

Mr. Flynt for, with Mr. Watts against.

Until further notice:

Mr. Willis with Mr. Springer.

Mr. Wright with Mr. Mathias.

Mr. Weltner with Mr. Chelf.

Mr. HAMILTON changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 249, nays 148, not voting 36, as follows:

[Roll No. 110]

YEAS—249

Adams	Glaimo	Murphy, N.Y.
Addabbo	Gibbons	Natcher
Albert	Gilbert	Nedzi
Anderson,	Gilligan	Nelsen
Tenn.	Gonzalez	Nix
Annunzio	Grabowski	O'Brien
Arends	Gray	O'Hara, Ill.
Ashley	Green, Pa.	O'Hara, Mich.
Aspinall	Greigg	Olsen, Mont.
Ayres	Grider	Olson, Minn.
Baldwin	Griffin	O'Neill, Mass.
Barrett	Griffiths	Ottlinger
Bates	Halleck	Patman
Beckworth	Halpern	Patten
Bell	Hamilton	Pepper
Bingham	Hanley	Perkins
Blatnik	Hansen, Iowa	Philbin
Boggs	Hansen, Wash.	Pickle
Boland	Hardy	Pike
Bolling	Harris	Plrnie
Bolton	Hathaway	Price
Brademas	Hawkins	Pucinski
Brooks	Hays	Purcell
Broomfield	Hechler	Quile
Brown, Calif.	Helstoski	Redlin
Burke	Herlong	Reld, N.Y.
Byrne, Pa.	Hicks	Reuss
Cahill	Hollifield	Rhodes, Pa.
Callan	Holland	Rivers, Alaska
Cameron	Horton	Robison
Carey	Hosmer	Rodino
Celler	Howard	Rogers, Colo.
Clark	Huot	Ronan
Cleveland	Irwin	Rooney, N.Y.
Clevenger	Jacobs	Rooney, Pa.
Cohelan	Joelson	Roosevelt
Conable	Johnson, Calif.	Rosenthal
Conte	Jones, Ala.	Rostenkowski
Conyers	Karsten	Roybal
Cooley	Karth	Ryan
Corbett	Kastenmeler	St Germain
Corman	Kee	St. Onge
Craley	Keith	Scheuer
Culver	Kelly	Schisler
Daddario	Keogh	Schmidhauser
Danels	King, Calif.	Schweiker
Dawson	King, Utah	Selden—
Delaney	Kirwan	Senner
Dent	Kluczynski	Sickles
Denton	Krebs	Slack
Diggs	Kunkel	Smith, Iowa
Dingell	Landrum	Smith, N.Y.
Donohue	Leggett	Stafford
Dow	Lindsay	Staggers
Downing	Long, Md.	Stalbaum
Dulski	Love	Steed
Duncan, Oreg.	McCarthy	Stratton
Dwyer	McDade	Sullivan
Dyal	McDowell	Sweeney
Edmondson	McFall	Teague, Calif.
Edwards, Calif.	McGrath	Tenzer
Evans, Colo.	McVicker	Thomas
Everett	MacGregor	Thompson, N.J.
Evins, Tenn.	Machen	Thompson, Tex.
Fallon	Mackay	Todd
Farbsteln	Mackie	Trimble
Farnsley	Madden	Tunney
Farnum	Mahon	Tupper
Fascell	Maillard	Udall
Feighan	Martin, Mass.	Ullman
Flood	Matsunaga	Van Deerlin
Fogarty	Matthews	Vanik
Foley	Meeds	Vigorito
Ford, Gerald R.	Millis	Vivian
Ford,	Minish	Whalley
William D.	Mink	Wldnall
Fraser	Monagan	Wilson,
Frelinghuysen	Morgan	Charles H.
Friedel	Morrison	Wolf
Fulton, Pa.	Morse	Wydler
Fulton, Tenn.	Morton	Yates
Gallagher	Moss	Young
Garmatz	Multer	Zablocki
	Murphy, Ill.	

NAYS—148

Abbitt	Fisher	Passman
Abernethy	Fountain	Pelly
Adair	Fuqua	Poage
Anderson, Ill.	Gathings	Poff
Andrews,	Gettys	Quillen
Glenn	Goodell	Race
Andrews,	Gross	Randall
N. Dak.	Grover	Reld, Ill.
Ashmore	Gubser	Reifel
Baring	Gurney	Reinecke
Battin	Hagan, Ga.	Rhodes, Ariz.
Belcher	Haley	Rivers, S.C.
Bennett	Hall	Roberts
Betts	Hansen, Idaho	Rogers, Fla.
Bow	Harsha	Rogers, Tex.
Bray	Harvey, Mich.	Roudebush
Brock	Henderson	Roush
Broyhill, N.C.	Hull	Rumsfeld
Broyhill, Va.	Hutchinson	Satterfield
Buchanan	Ichord	Saylor
Burleson	Jarman	Schneebell
Burton, Utah	Jennings	Scott
Cabell	Johnson, Okla.	Secrest
Callaway	Johnson, Pa.	Shipley
Casey	Jonas	Shriver
Cederberg	Jones, Mo.	Sikes
Chamberlain	King, N.Y.	Smith, Calif.
Clancy	Kornegay	Smith, Va.
Clausen,	Lalrd	Stanton
Don H.	Langen	Stephens
Collier	Latta	Talcott
Colmer	Lipscomb	Taylor
Cramer	Long, La.	Teague, Tex.
Cunningham	McClary	Thompson, La.
Curtin	McCulloch	Thomson, Wis.
Curtis	McEwen	Tuck
Dague	McMillan	Tuten
Davis, Ga.	Marsh	Utt
Davis, Wis.	Martin, Ala.	Waggonner
de la Garza	Martin, Nebr.	Walker, Miss.
Derwinski	May	Walker, N. Mex.
Devine	Michel	Watkins
Dole	Minshall	White, Tex.
Dorn	Mize	Whitener
Dowdy	Moeller	Whitten
Duncan, Tenn.	Moore	Williams
Edwards, Ala.	Morris	Wilson, Bob
Ellsworth	Mosher	Wyatt
Erlenborn	Murray	Younger
Findley	O'Konski	
Fino	O'Neal, Ga.	

NOT VOTING—36

Andrews,	Green, Oreg.	Resnick
George W.	Hagen, Calif.	Roncalio
Ashbrook	Hanna	Skubitz
Bandstra	Harvey, Ind.	Springer
Berry	Hébert	Stubblefield
Bonner	Hungate	Toll
Brown, Ohio	Lennon	Watts
Burton, Calif.	Macdonald	Weltner
Carter	Mathias	White, Idaho
Chelf	Miller	Willis
Clawson, Del	Moorhead	Wright
Dickinson	Pool	
Flynt	Powell	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Del Clawson against.

Mr. Macdonald for, with Mr. Lennon against.

Mr. Burton of California for, with Mr. Skubitz against.

Mr. Toll for, with Mr. Pool against.

Mr. Hanna for, with Mr. Bonner against.

Mr. Bandstra for, with Mr. Berry against.

Mr. Miller for, with Mr. Brown of Ohio against.

Mr. Moorhead for, with Mr. Carter against.

Mr. White of Idaho for, with Mr. Ashbrook against.

Mr. Powell for, with Mr. Harvey of Indiana against.

Mr. Hagen of California for, with Mr. George W. Andrews against.

Mr. Resnick for, with Mr. Flynt against.

Mrs. Green of Oregon for, with Mr. Dickinson against.

Mr. Watts for, with Mr. Chelf against.

Mr. Springer for, with Mr. Willis against.

Until further notice:

Mr. Roncallo with Mr. Weltner.
Mr. Stubblefield with Mr. Wright.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the Record on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AUTHORIZING PROCUREMENT OF AIRCRAFT, ETC., FOR ARMED FORCES

Mr. RIVERS of South Carolina submitted the following conference report and statement on the bill (S. 800) to authorize appropriations during fiscal year 1966 for procurement of aircraft, missiles, and naval vessels, and research, development, test, and evaluation, for the Armed Forces, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 374)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 800) to authorize appropriations during fiscal year 1966 for procurement of aircraft, missiles, and naval vessels, and research, development, test, and evaluation, for the Armed Forces, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"TITLE I—PROCUREMENT

"SEC. 101. Funds are hereby authorized to be appropriated during fiscal year 1966 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, and naval vessels, as authorized by law, in amounts as follows:

"Aircraft

"For aircraft: For the Army, \$344,500,000; for the Navy and the Marine Corps, \$1,915,800,000; for the Air Force, \$3,550,200,000.

"Missiles

"For missiles: For the Army, \$253,700,000; for the Navy, \$364,000,000; for the Marine Corps, \$13,000,000; for the Air Force, \$796,100,000.

"Naval vessels

"For naval vessels: For the Navy, \$1,721,000,000, of which amount \$133,600,000 is authorized only for the construction of two nuclear powered submarines and \$150,500,000 is authorized only for the construction of a nuclear powered guided missile frigate.

"TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

"SEC. 201. Funds are hereby authorized to be appropriated during fiscal year 1966 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

"For the Army, \$1,406,400,000;

"For the Navy (including the Marine Corps), \$1,439,200,000;

"For the Air Force, \$3,103,900,000, of which amount \$150,000,000 is authorized only for the Manned Orbiting Laboratory and \$7,000,000 is authorized only for the development of an advanced manned strategic aircraft;

"For Defense agencies, \$495,000,000.

"TITLE III—GENERAL PROVISIONS

"SEC. 301. Outstanding tonnage balances remaining in law for construction of Navy ships are hereby repealed.

"SEC. 302. The distribution of the assignments and contracts for construction of warships and escort vessels for which appropriations are authorized by this Act and hereafter shall be in accordance with the requirement of the Act of March 27, 1934 (48 Stat. 503), that the first and each succeeding alternate vessel shall be constructed in the Government Navy yards: *Provided*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as required above, the President may have such vessel or vessels built in a Government or private yard as he may direct.

"SEC. 303. The assignment of naval ship conversion, alteration, and repair projects shall be made on the basis of economic and military considerations and shall not be restricted by requirements that certain portions of such naval shipwork be assigned to particular types of shipyards or to particular geographical areas or by similar requirements.

"SEC. 304. Section 412(b) of Public Law 86-149, as amended, is amended to read as follows:

"“(b) No funds may be appropriated after December 31, 1960, to or for the use of any armed force of the United States for the procurement of aircraft, missiles, or naval vessels, or after December 31, 1962, to or for the use of any armed force of the United States for the research, development, test, or evaluation of aircraft, missiles, or naval vessels, or after December 31, 1963, to or for the use of any armed force of the United States for any research, development, test, or evaluation, or after December 31, 1965, to or for the use of any armed force of the United States for the procurement of tracked combat vehicles, unless the appropriation of such funds has been authorized by legislation enacted after such date.”

"SEC. 305. No funds may be appropriated after June 30, 1966, to or for the use of any armed force of the United States for use as an emergency fund for research, development, test, and evaluation, or procurement or production related thereto unless the appropriation of such funds has been authorized by legislation enacted after that date.

"SEC. 306. (a) Section 8074 of title 10, United States Code, is amended by adding the following new subsection at the end thereof:

"“(c) The Military Air Transport Service is redesignated as the Military Airlift Command.”

"“(b) The amendment made by subsection (a) of this section shall become effective January 1, 1966.”

And the House agree to the same.

L. MENDEL RIVERS,
PHILIP J. PHILBIN,
F. EDW. HEBERT,
MELVIN PRICE,
O. C. FISHER,
PORTER HARDY, JR.,
WILLIAM H. BATES,
LESLIE C. ARENDS,
ALVIN E. O'KONSKI.

Managers on the Part of the House.

JOHN STENNIS,
STUART SYMINGTON,
HENRY M. JACKSON,
HOWARD W. CANNON,
LEVERETT SALTONSTALL,
MARGARET CHASE SMITH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 800) to authorize appropriations during fiscal year 1966 for procurement of aircraft, missiles, and naval vessels, and research, development, test, and evaluation, for the Armed Forces, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

BACKGROUND

Procurement

Navy (Aircraft)

The Senate modified the aircraft portion of the Navy program. The Senate cut all 10 of the E-2A aircraft from the Navy procurement program. This totaled \$99.8 million. It is true that the E-2A has experienced radar performance and reliability problems. Modifications, however, are now being made to correct these deficiencies and reports indicate that this aircraft performed very well in exercise "Silver Lance." In view of what has become an urgent operational need for the E-2A, the conferees agreed that all 10 of these airplanes should be returned to the program.

The Senate recedes.

Navy (Naval Vessels)

Fast deployment logistic ships (FDL): Several changes were made in the naval vessels portion of the bill. The Senate deleted two of the four fast deployment logistic ships (FDL) involving \$64.2 million. The conferees agreed that in view of the fact that the characteristics of this new type ship have not been completely refined and because the ultimate procurement program has not yet been estimated, the two ships proposed by the Senate would be adequate for this fiscal year.

The House recedes.

Motor gunboats (PGM): The Navy requested 10 motor gunboats (PGMs). The Senate allowed only five of these gunboats, cutting the procurement by \$21 million. The conferees agreed that the 5 gunboats should be returned to the program in order to provide the Navy with all 10 ships capable of performing counterinsurgency, patrol, blockade and reconnaissance missions.

The Senate recedes.

Nuclear-powered attack submarines (SSN): The Navy requested four attack submarines (SSNs). The Senate added two more submarines for a total of six on the basis that this would restore the attack submarine construction program to the rate that had been projected in earlier years. After extended discussion by the conferees and further consideration of the fact that the Joint Chiefs of Staff were unanimous in their recommendation of a program of six submarines, the two submarines added by the Senate were agreed to by the House.

The House recedes.

Nuclear-powered frigate (DLGN): The House added a nuclear-powered guided missile frigate (DLGN) at a cost of \$150.5 million. The Navy had originally requested this ship but the Office of the Secretary of Defense did not permit it to be included in the program. It was and is the position of the House that the addition of the DLGN was on the basis of a real Navy need for such a ship but also for the reason that as the House report states: "The committee feels * * * that the Department of Defense has both procrastinated and vacillated in its approach to nuclear-powered surface ships."

It is also the position of the House committee that the will of the Congress should be expressed to the end that greater and more rapid progress be made in the field of nuclear-powered surface ships for our Navy. After discussion of this matter by the con-

Calendar No. 236

H. R. 7750

IN THE SENATE OF THE UNITED STATES

READ TWICE, AND PASSED BY THE SENATE,

AT THE SENATE CHAMBER, ON FEBRUARY 2, 1907.

AN ACT

to amend the Act for the Conservation of the Fish and Wildlife Resources of the United States, and for other purposes.

Enacted at the City of Washington, this 21st day of January,

1907.

WITNESSED my hand and the Seal of the Senate at the City of Washington, this 21st day of January, 1907.

JOHN C. CALHOUN,

Calendar No. 236

89TH CONGRESS
1ST SESSION

H. R. 7750

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, MAY 24), 1965

Received; read twice and ordered to be placed on the calendar

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance
4 Act of 1965".

5 Part I

6 CHAPTER 1—POLICY

7 SEC. 101. Section 102 of the Foreign Assistance Act
8 of 1961, as amended, which relates to the statement of
9 policy, is amended by adding at the end thereof the following
10 new paragraph:

11 "It is the sense of the Congress that assistance under

1 this or any other Act to any foreign country which here-
2 after permits, or fails to take adequate measures to prevent,
3 the damage or destruction by mob action of United States
4 property within such country, should be terminated and
5 should not be resumed until the President determines that
6 appropriate measures have been taken by such country to
7 prevent a recurrence thereof.”

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT 10 GRANTS

11 SEC. 102. Title II of chapter 2 of part I of the Foreign
12 Assistance Act of 1961, as amended, which relates to tech-
13 nical cooperation and development grants, is amended as
14 follows:

15 (a) Amend section 212, which relates to authorization,
16 by striking out “1965” and “\$215,000,000” and substitut-
17 ing “1966” and “\$210,000,000”, respectively.

18 (b) Amend section 214, which relates to American
19 schools and hospitals abroad, as follows:

20 (1) Amend subsection (b) by striking out “treat-
21 ment, education,” and substituting “education”.

22 (2) Amend subsection (c) by striking out “1965,
23 \$18,000,000” and substituting “1966, \$7,000,000”.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part 1 of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

“(b) The President may issue guaranties to eligible United States investors—”.

(2) In paragraph (1), strike out “\$2,500,000,000” and substitute “\$5,000,000,000”.

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out “, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000”.

(B) In the third proviso, immediately after “\$300,000,000” insert the following: “, and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$150,000,000”.

1 (C) In the fourth proviso, strike out "1966"
2 and substitute "1967".

3 (b) Amend section 221 (c), which relates to general
4 authority, by inserting after the word "guaranty" the third
5 time it appears, the words "of an equity investment".

6 (c) Amend section 222 (b), which relates to general
7 provisions, by inserting after "(exclusive of informational
8 media guaranties)," the words "and to pay the costs of in-
9 vestigating and adjusting (including costs of arbitration)
10 claims under such guaranties,".

11 (d) Amend section 223, which relates to definitions,
12 as follows:

13 (1) In subsection (a), strike out "and" at the end
14 thereof and in subsection (b) strike out the period and
15 substitute "; and".

16 (2) Add the following new subsection (c) :

17 "(c) the term 'eligible United States investors'
18 means United States citizens, or corporations, partner-
19 ships, or other associations created under the laws of the
20 United States or any State or territory and substantially
21 beneficially owned by United States citizens, as well as
22 foreign corporations, partnerships, or other associations
23 wholly owned by one or more such United States citi-
24 zens, corporations, partnerships, or other associations:
25 *Provided*, That the eligibility of a foreign corporation

shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.”

(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

“SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, with particular emphasis on cooperatives, free labor unions, savings and loan and other institutions in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

“(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

1 “(1) pilot or demonstration private housing proj-
2 ects in Latin America of types similar to those insured
3 by the Federal Housing Administration and suitable
4 for conditions in Latin America;

5 “(2) credit institutions in Latin America engaged
6 directly or indirectly in the financing of home mortgages,
7 such as savings and loan institutions;

8 “(3) housing projects in Latin America for lower
9 income families and persons, which projects shall be
10 constructed in accordance with maximum unit costs
11 established by the President for families and persons
12 whose incomes meet the limitations prescribed by the
13 President;

14 “(4) housing projects in Latin America which will
15 promote the development of institutions important to
16 the success of the Alliance for Progress, such as free
17 labor unions and cooperatives; or

18 “(5) housing projects in Latin America 25 per
19 centum or more of the aggregate of the mortgage financ-
20 ing for which is made available from sources within
21 Latin America and is not derived from sources outside
22 Latin America, which projects shall, to the maximum
23 extent practicable, have a unit cost of not more than
24 \$6,500.

25 “(c) The total face amount of guaranties issued under

1 this section outstanding at any one time shall not exceed
2 \$450,000,000: *Provided*, That no payment may be made
3 under this section for any loss arising out of fraud or mis-
4 conduct for which the investor is responsible: *Provided*
5 *further*, That this authority shall continue until June 30,
6 1967.”

7 TITLE VI—ALLIANCE FOR PROGRESS

8 SEC. 104. Section 252 of the Foreign Assistance Act
9 of 1961, as amended, which relates to the Alliance for Prog-
10 ress, is amended by striking out “in fiscal year 1965” and
11 substituting “in each of the fiscal years 1965 and 1966”.

12 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 13 AND PROGRAMS

14 SEC. 105. Chapter 3 of part II of the Foreign Assist-
15 ance Act of 1961, as amended, which relates to interna-
16 tional organizations and programs, is amended as follows:

17 (a) Amend section 301 (c), which relates to assist-
18 ance for Palestine refugees in the Near East, by adding at
19 the end thereof the following: “Contributions by the United
20 States to the United Nations Relief and Works Agency for
21 Palestine Refugees in the Near East for the calendar year
22 1966 shall not exceed \$15,200,000.”

23 (b) Amend section 302, which relates to authorization,
24 by striking out “1965” and “\$134,272,400” and substitut-
25 ing “1966” and “\$144,755,000”, respectively.

1 CHAPTER 4—SUPPORTING ASSISTANCE

2 SEC. 106. Section 402 of the Foreign Assistance Act
3 of 1961, as amended, which relates to supporting assistance,
4 is amended by striking out in the first sentence “1965” and
5 “\$405,000,000” and substituting “1966” and “\$369,200,-
6 000”, respectively.

7 CHAPTER 5—CONTINGENCY FUND

8 SEC. 107. Section 451 of the Foreign Assistance Act
9 of 1961, as amended, which relates to the contingency fund,
10 is amended as follows:

11 (a) Amend subsection (a) as follows:

12 (1) Strike out “1965” and “\$150,000,000” and
13 substitute “1966” and “\$50,000,000”, respectively.

14 (2) Add the following new sentence: “In addi-
15 tion, there is hereby authorized to be appropriated to
16 the President for use in Southeast Asia such sums as
17 may be necessary in the fiscal year 1966 for programs
18 authorized by parts I and II of this Act in accordance
19 with the provisions applicable to such programs if he
20 determines such use to be important to the national
21 interest: *Provided*, That the President shall present to
22 the Committee on Foreign Relations of the Senate and
23 the Speaker of the House of Representatives the pro-
24 grams to be carried out from funds requested by the

1 President to be appropriated under authority of this
2 sentence.”

3 (b) Amend subsection (b) by striking out “this sec-
4 tion” and substituting “the first sentence of subsection (a)”.

5 Part II

6 CHAPTER 2—MILITARY ASSISTANCE

7 SEC. 201. Chapter 2 of part II of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to military as-
9 sistance, is amended as follows:

10 (a) Amend section 503 (b), which relates to general
11 authority, by striking out the words “in foreign countries”.

12 (b) Amend section 504, which relates to authorization,
13 by striking out “1965” and “\$1,055,000,000” in the first
14 sentence and substituting “1966” and “\$1,170,000,000”,
15 respectively.

16 (c) Amend section 505, which relates to utilization of
17 assistance, as follows:

18 (1) In subsection (a), strike out the colon and
19 add the following: “, or for the purpose of assisting
20 foreign military forces in less developed friendly coun-
21 tries (or the voluntary efforts of personnel of the Armed
22 Forces of the United States in such countries) to con-
23 struct public works and to engage in other activities

1 helpful to the economic development of such friendly
2 countries. It is the sense of the Congress that such
3 foreign military forces should not be maintained or estab-
4 lished solely for civic action activities and that such
5 civic action activities not significantly detract from the
6 capability of the military forces to perform their military
7 missions and be coordinated with and form part of the
8 total economic development effort."

9 (2) Strike out subsection (b) and redesignate the
10 proviso of subsection (a) as subsection (b).

11 (3) In redesignated subsection (b), strike out
12 "*Provided, That* except" and substitute "Except";
13 strike out "or (2)" and substitute ", or (2) for civic
14 action assistance, or (3)".

15 (d) Amend section 507, which relates to sales, as
16 follows:

17 (1) In subsection (a), insert the following new
18 sentence between the second and third sentences:
19 "Notwithstanding the provisions of section 644 (m) (2),
20 nonexcess defense articles may be sold under this sub-
21 section at the standard price in effect at the time such
22 articles are offered for sale to the purchasing country or
23 international organization."

24 (2) In subsection (b), strike out the period at the
25 end of the first proviso, substitute a colon and add the

1 following: "*Provided further*, That the President may,
2 when he determines it to be in the national interest,
3 enter into sales agreements with purchasing countries
4 or international organizations which fix prices to be
5 paid by the purchasing countries or international orga-
6 nizations for the defense articles or defense services
7 ordered. Funds available under this part for financing
8 sales shall be used to reimburse the applicable appro-
9 priations in the amounts required by the contracts which
10 exceed the price so fixed, except that such reimburse-
11 ment shall not be required upon determination by the
12 President that the continued production of the defense
13 article being sold is advantageous to the Armed Forces
14 of the United States. Payments by purchasing coun-
15 tries or international organizations which exceed the
16 amounts required by such contracts shall be credited
17 to the account established under section 508. To the
18 maximum extent possible, prices fixed under any such
19 sales agreement shall be sufficient to reimburse the
20 United States for the cost of the defense articles or de-
21 fense services ordered. The President shall submit to
22 the Congress promptly a detailed report concerning any
23 fixed-price sales agreement under which the aggregate
24 cost to the United States exceeds the aggregate amount

1 required to be paid by the purchasing country or inter-
2 national organization.”

3 (e) Amend section 508, which relates to reimbursement
4 as follows:

5 (1) After “this part” the first time it appears, in-
6 sert “have been or”.

7 (2) After “United States Government,” the first
8 time it appears insert “receipts received from the disposi-
9 tion of evidences of indebtedness and charges (including
10 fees and premiums) or interest collected”.

11 (3) Strike out “the current applicable appropria-
12 tion” and substitute “a separate fund account”.

13 (4) Strike out “furnishing further military assist-
14 ance on cash or credit terms” and substitute “financing
15 sales and guaranties, including the overhead costs
16 thereof”.

17 (f) Amend section 509 (b), which relates to exchanges
18 and guaranties, by inserting “(excluding contracts with any
19 agency of the United States Government)” in the second
20 sentence between the last word thereof and the period.

21 (g) Amend section 510, which relates to special author-
22 ity, as follows:

23 (1) In subsection (a), strike out “1965” each
24 place it appears and substitute in each such place
25 “1966”; and strike out “available for military assist-
26 ance”.

(2) In subsection (b), strike out “to the President”.

(h) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out “programs described in section 505 (b) of this chapter” and substitute “civic action requirements”.

(2) Strike out “1965” and substitute “1966”.

Part III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out “ITEMS” and substitute “CERTAIN ITEMS AND FUNDS”.

(2) Add the following new subsections:

“(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective

1 appropriation, fund, or account used to finance such trans-
2 action or to the appropriation, fund, or account currently
3 available for the same general purpose.

4 “(d) Funds realized by the United States Government
5 from the sale, transfer, or disposal of defense articles returned
6 to the United States Government by a recipient country or
7 international organization as no longer needed for the pur-
8 pose for which furnished shall be credited to the respective
9 appropriation, fund, or account used to procure such defense
10 articles or to the appropriation, fund, or account currently
11 available for the same general purpose.”

12 (b) Amend section 612, which relates to use of foreign
13 currencies, by redesignating subsection (c) as subsection
14 (b).

15 (c) Amend section 620, which relates to prohibitions
16 against furnishing assistance to Cuba and certain other
17 countries, as follows:

18 (1) Amend the section heading to read as follows:

19 “PROHIBITIONS AGAINST FURNISHING ASSIST-
20 ANCE.—”.

21 (2) In paragraph (2) of section 620 (e), which
22 relates to the application of the federal act of state doc-
23 trine, strike out “January 1, 1966” and substitute
24 “January 1, 1967”.

25 (3) In section 620 (1), which relates to the pro-

hibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsection:

"(n) Until the President determines that North Vietnam has ceased all efforts to overthrow the Government of South Vietnam, no funds authorized to be made available under this Act (except under section 214) shall be used to furnish assistance to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

1 “(iii) any other equipment, materials, or com-
2 modities; and

3 “(B) to prevent ships or aircraft under its registry
4 from transporting any equipment, materials, or com-
5 modities from North Vietnam.”

6 CHAPTER 2—ADMINISTRATIVE PROVISIONS

7 SEC. 302. Chapter 2 of part III of the Foreign Assist-
8 ance Act of 1961, as amended, which relates to administra-
9 tive provisions, is amended as follows:

10 (a) Amend section 622, which relates to coordination
11 with foreign policy, as follows:

12 (1) In subsection (b), immediately after “military
13 assistance” insert “(including any civic action and sales
14 program) ”.

15 (2) In subsection (c), immediately after “military
16 assistance program” insert “(including any civic action
17 and sales program) ”.

18 (b) Amend section 624, which relates to statutory
19 officers, as follows:

20 (1) In subsection (b), strike out “paragraph (3)
21 of” and “of the officers provided for in paragraphs (1)
22 and (2) of that subsection”, and substitute for the latter
23 “of one or more of said officers”.

24 (2) In subsection (d), strike out “Public Law

1 86-735" wherever it appears and substitute "the Latin
2 American Development Act, as amended".

3 (c) Amend section 625 (d), which relates to the em-
4 ployment of personnel, by striking out "twenty" in paragraph
5 (2) and substituting "fifty".

6 (d) Amend section 626, which relates to experts, con-
7 sultants, and retired officers, by redesignating subsection (d)
8 as subsection (c).

9 (e) Amend section 630, which relates to terms of
10 detail or assignment, by inserting "benefits" after "travel
11 expenses", in paragraphs (2) and (4).

12 (f) Amend section 635 (g), which relates to general
13 authorities, by inserting "and sales" after "loans" in the
14 introductory clause.

15 (g) Amend section 636, which relates to provisions on
16 uses of funds, as follows:

17 (1) In subsection (e), strike out "section 2 of the
18 Act of July 31, 1894, as amended (5 U.S.C. 62)" and
19 substitute "section 301 of the Dual Compensation Act
20 (5 U.S.C. 3105)".

21 (2) In subsection (f), strike out "Act to provide
22 for assistance in the development of Latin America
23 and in the reconstruction of Chile, and for other pur-

1 poses” and substitute “Latin American Development
2 Act, as amended”.

3 (h) Amend section 637 (a), which relates to adminis-
4 trative expenses, by striking out “1965” and “\$52,500,000”
5 and substituting “1966” and “\$53,240,000”, respectively.

6 (i) Amend section 638, which relates to Peace Corps
7 assistance, by striking out all beginning with “; or famine”
8 and substituting a period.

9 (j) Add the following new section 639:

10 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
11 vision of this Act shall be construed to prohibit assistance
12 to any country for famine or disaster relief.”

13 CHAPTER 3—MISCELLANEOUS PROVISIONS

14 SEC. 303. Chapter 3 of part III of the Foreign Assist-
15 ance Act of 1961, as amended, which relates to miscellaneous
16 provisions, is amended as follows:

17 (a) Amend section 642 (a) (2), which relates to stat-
18 utes repealed, by striking out “143,” and all beginning with
19 “: *Provided*,” up to the semicolon.

20 (b) Amend section 644, which relates to definitions,
21 as follows:

22 (1) In subsection (g), insert “, and not procured
23 in anticipation of military assistance or sales require-
24 ments, or pursuant to a military assistance or sales

order,” after “United States Government” and strike out “as grant assistance”.

(2) In subsection (m) (2), strike out “Such price shall be the same standard price” and substitute “Such standard price shall be the same price (including authorized reduced prices)”.

(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

(A) In the first sentence, insert “and sales” after “Military assistance”.

(B) In the second proviso, strike out “by the military assistance program”.

(c) Amend section 645, which relates to unexpended balances, by striking out “Public Law 86-735” and substituting “the Latin American Development Act, as amended”.

CHAPTER 4—AMENDMENT TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

“No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that

1 such sale is essential to the national interest of the United
 2 States. No such sale shall be based on the requirements of
 3 the United Arab Republic for more than one fiscal year.
 4 The President shall keep the Foreign Relations Committee
 5 and the Appropriations Committee of the Senate and the
 6 Speaker of the House of Representatives fully and currently
 7 informed with respect to sales made to the United Arab
 8 Republic under title I of this Act."

Passed the House of Representatives May 25, 1965.

Attest:

RALPH R. ROBERTS,

Clerk.

89TH CONGRESS
1ST Session

H. R. 7750

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

MAY 26 (legislative day, MAY 24), 1965

Received; read twice and ordered to be placed on the calendar

AN ACT

To amend the Internal Revenue Code of 1954 to provide for the treatment of certain transfers of property for estate tax purposes.

Enacted at Washington, D.C., on September 11, 1954.

June 3, 1965

15. DEBT LIMIT. The "Daily Digest" states that the Rules Committee "granted a closed rule" for debate on H. R. 8464, to increase the public debt limit. p. D479
16. EXPORT CONTROL. The "Daily Digest" states that the Rules Committee "granted an open rule" for debate on H. R. 7105, to extend the Export Control Act. p. D479
17. LEGISLATIVE PROGRAM. The Majority Leader announced next week's program: Mon., Consent Calendar, confectionery additives, disaster relief; Tues., legislative appropriation bill, export-control continuation; Wed. and balance of week, public-debt ceiling, military construction. p. 11962
18. ADJOURNED until Mon., June 7. p. 12031

SENATE

19. TREASURY, POST OFFICE, AND EXECUTIVE OFFICE APPROPRIATION BILL, 1966. The Appropriations Committee reported with amendments this bill, H. R. 7060 (S. Rept. 275)(p. 12038). This bill includes funds for the Budget Bureau, Council of Economic Advisers, and Advisory Commission on Intergovernmental Relations.
20. PROPERTY. The Government Operations Committee reported without amendment : S. 1516, to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the Administrator of General Services to enter into contracts for the inspection, maintenance, and repair of fixed equipment in federally owned buildings for periods not to exceed five years (S. Rept. 273); and S. 1004, to amend the Federal Property and Administrative Services Act of 1949, to make title III thereof directly applicable to procurement of property and nonpersonal services by executive agencies (S. Rept. 274). p. 12038
21. DAYLIGHT SAVING TIME. Passed as reported S. 1404, to establish uniform dates throughout the United States for the commencing and ending of daylight saving time in those States and local jurisdictions where it is observed. pp. 12057-59
22. FOREIGN AID. Sen. Javits submitted an amendment to S. 1837, the foreign aid authorization bill, which would incorporate a plan for the establishment of the Peace by Investment Corporation and "would enable millions of small investors in the United States to participate in the growth of effective private enterprise in developing nations receiving U. S. aid." pp. 12047-8
Received from the State Dept. a "confidential report on dollar grants to Iran under the foreign assistance program." p. 12037
23. UNEMPLOYMENT. Sen. Williams, N.J., urged prompt passage of S. 1991, the proposed Unemployment Security Amendments Act of 1965, stating that this bill "would for the first time provide unemployment compensation coverage for our Nation's farmworkers." p. 12051-2
24. DISASTER RELIEF. Sen. Miller asked prompt action on S. 1861, the disaster relief bill, and stated that "inaction by the White House on our disaster relief bill is difficult to comprehend" in the light of the President's request for "an extra \$89 million in foreign aid." pp. 12046-7
25. AWARDS. Sen. McCarthy commended and inserted a speech by Sen. Monroney at USDA's honor awards ceremony. pp. 12076-7

26. FISCAL POLICY. Sen. McCarthy commended and inserted a speech by the American Electric Power Co. President which called "a vital commentary on fiscal policy and the balance-of-payments problem." pp. 12077-8

ITEMS IN APPENDIX

27. WATER POLLUTION. Rep. Jones inserted Rep. Monogan's article, "The Costs of Combating the Evils of Water Pollution: State Expenditures Are Clearly Inadequate." pp. A2846-7
28. HOUSING. Rep. Barrett inserted an article endorsing the housing and urban renewal proposals. pp. A2851-2
Rep. Clawson inserted an article, "GOP Turns Artillery on Housing Bill-- House Republicans Hope to Defeat Rent Subsidy Plan." p. A2859
29. APPALACHIA. Extension of remarks of Rep. Curtis stating that "justifiable criticism has been leveled against the Appalachian plan for failing to attack the fundamental causes of the human and economic poverty of the region." p. A2857
30. FARM LABOR. Extension of remarks of Rep. Philbin expressing concern over the prospect of inadequate labor to complete apple picking, and urging the Dept. of Labor to give renewed attention to this problem. pp. A2857-8
Extension of remarks of Rep. Roybal inserting an article, "Welfare Cost Drop Laid to Cutoff of Braceros." pp. A2870-1

BILLS INTRODUCED

31. PERSONNEL. S. 2082 by Sen. Javits, to provide time off duty for Government employees to comply with religious obligations prescribed by religious denominations of which such employees are bona fide members; to Post Office and Civil Service Committee. Remarks of author p. 12044
S. 2086 by Sen. Monroney, to provide severance pay to certain officers and employees of the Federal Government; to Post Office and Civil Service Committee. Remarks of author p. 12045
H. R. 8747 by Rep. Robison, to correct certain inequities with respect to the granting of survivor annuities under the Civil Service Retirement Act to certain students; to Post Office and Civil Service Committee.
H. R. 8752 by Rep. Broyhill, Va., H. R. 8759 by Rep. Fulton, Pa., H. R. 8762 by Rep. Halpern, to adjust the rates of basic compensation of certain officers and employees in the Federal Government, to establish the Federal Salary Review Commission; to Post Office and Civil Service Committee.
32. TRANSPORTATION. H. R. 8745 by Rep. Meeds, to amend section 1 (14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply; to Interstate and Foreign Commerce Committee. Remarks of author pp. 11966-7
33. WHEAT. H. R. 8749 by Rep. Andrews, N. Dak., to provide for a voluntary wheat certificate program, under which the price of all wheat would be supported at not less than \$2 per bushel; to Agriculture Committee.
34. FEEDS; FIBERS. H. R. 8753 by Rep. Callan, to authorize the President to maintain reserve inventories feeds, and fibers; to Agriculture Committee.

"They will win this fight," he said, "and the United States of America is going to help them win it."

But, he said, there is a much more profound struggle going on in South Vietnam, where the life expectancy is only 35 years as poverty and neglect "take their inevitable toll in human life."

"We think that these are the common enemies of man in South Vietnam," he added. They were there before the aggressor struck. They of course will be there when aggression is completely gone.

"These enemies, too, we are committed to help defeat."

MEDICAL AID PLANS

As part of the medical aid phase of the program, the President said members of the American Medical Association have agreed to try to recruit approximately 50 surgeons and specialists.

"We are particularly very much in need of plastic surgeons," he said, "to go to Vietnam to help (heal) the wounds of war, as well as (specialists) to help with the ravages of unchecked disease."

His message to Congress allotted \$7 million of the \$89 million requested to help provide improved medical and surgical services, especially in the more remote areas of Vietnam, Laos, and Thailand.

He said he hopes that "when peace comes, our medical assistance can be expanded and made available to the sick and wounded of the area without regard to political commitment."

The biggest single chunk of the extra aid fund—\$45 million—would be allotted to finance increasing imports of iron, steel, chemicals, pesticides, drugs, trucks, and other essential goods necessary for a growing civilian economy in South Vietnam, the President said. He explained that this would provide materials for urgently needed low-cost housing as well as to expand factory production.

Another \$5 million would be used to support electrification cooperatives near three provincial towns in South Vietnam, bringing the benefits of low-cost electricity to more than 200,000 Vietnamese.

MEKONG PROJECT

Approximately \$19 million would be earmarked as the first installment of the U.S. contribution to accelerated development of the Mekong River Basin project. It would take care of half the cost of building the Nam Ngum Dam, providing power to small industry and lights for thousands of homes in northeast Thailand and Laos.

About \$6 million would be used to train people in building roads, dams, and other village projects in Thailand and Laos.

The remaining \$7 million, the President said, would supplement the present program of agricultural development and support additional Government services in all three countries.

He described the proposed \$89 million appropriation as just the beginning of the U.S. part in helping to harness the resources of all southeast Asia for the benefit of all its people.

"Our role will be vital," he said, "but we hope that all other industrialized nations, including the Soviet Union, will participate."

U.S. leadership in such a program, he declared, "is the only way that I know in which we can really win, not only the military battle against aggression, but the wider war for the freedom and for progress of all man."

The President refused to say whether he would order U.S. troops into combat in South Vietnam in the event of an invasion from Communist North Vietnam. Rebuking his press conference questioner, he said, "I don't see that I can do you any good, the country any good, or myself any good, by suggesting future operational plans."

He also appeared to be taking a slam at some critics of his Vietnam policy when he said, "I am glad that I live in a nation where in the midst of conflict, when men are dying to preserve our freedom that our citizens still do not fear to exercise it—and I can assure you that they do exercise it."

He said he hopes that every American will always exercise the right of free speech guaranteed by the Constitution. But he added, "I would prefer, of course, that it be constructive and that it be responsible."

He said said he believed that public discussion of foreign policy generally has been responsible, and that his administration "profits from the suggestions and recommendations from leaders in other branches of government, from men who occupy public platforms, from general discussion."

Asking about the current flareup of fighting in Vietnam, he said such an outbreak had been anticipated at this season. He said there had been a "serious engagement" in the last few hours, with heavy losses by the South Vietnamese.

Addressing the U.N. General Assembly in San Francisco late this month, the President said the United Nations founding meetings there 20 years ago created "a great instrumentality for international cooperation" which has "helped to avert catastrophe in this century."

ESTABLISHMENT OF A PEACE BY INVESTMENT CORPORATION

AMENDMENT NO. 230

Mr. JAVITS. Mr. President, I send to the desk for printing under the rule, and appropriate reference, an amendment to the foreign aid authorization bill, S. 1837.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. JAVITS. Mr. President, the amendment is offered for the purpose of incorporating a plan for the establishment of the Peace by Investment Corporation, very much like Comsat, in the foreign aid field. It follows legislation which I have introduced in the 87th and 88th Congresses, and which was introduced this year as S. 1992, with the sponsorship of the Senator from Kentucky [Mr. COOPER], the Senator from Indiana [Mr. HARTKE], the Senator from Oregon [Mr. MORSE], the Senator from Rhode Island [Mr. PELL], and the Senator from Pennsylvania [Mr. SCOTT].

The so-called Peace by Investment Corporation which would be created under this amendment would enable millions of small investors in the United States to participate in the growth of effective private enterprise in developing nations receiving U.S. aid. It is designed to expand by \$2.5 billion the flow of U.S. private investment to developing countries. Initial and temporary funds for the Peace by Investment Corporation totaling \$50 million would be subscribed to by the U.S. Government through the Treasury Department. The Corporation would also be authorized to borrow a total of \$300 million from the Treasury during the first 6 years of its operation, while it was an agency of the United States. These initial subscriptions and borrowings would be retired with funds obtained from millions of small investors—as was done in the case of Comsat—through the sale of stock at a price of \$5 per share. Upon retire-

ment of the basic portion of the original investment in the project by the Treasury, the Corporation would go through an orderly transition from an agency of the United States to private operation and management.

In the 4 years since the idea was first promulgated, this proposal has been analyzed by the executive branch, by business and other groups, and in my view, the measure in its present form meets all objections raised against it successfully.

I believe that this amendment would provide new initiative in the foreign aid field, which is so hungry for new ideas, and for new approaches to do the things which international economic institutions and private enterprise have not been able to do. This proposal, heavily premised upon private enterprise, could fill this void, at least in part.

Mr. President, I hope very much that the amendment will receive the serious and considered attention of all Senators.

I ask unanimous consent to have printed in the RECORD an analysis of the amendment.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS PRESENTED BY MR. JAVITS

Section 1 sets forth the purposes of the bill which are to establish and expand people-to-people relationships in the economic field; to encourage an expanded flow of private capital investment from the United States into economically sound enterprises in underdeveloped areas of the world in the interest of world peace through mutual economic progress; to enlarge the number of private investors participating in this flow of capital so as to forge more direct links among the people of the world, and for other purposes.

Section 2 defines the basic functions of the Corporation which are (1) to serve as an equity investment agency which would make available funds of a private capital nature, to assist in the financing of economic development projects; (2) to act as an investment trust; (3) to establish an insurance system designed to protect all or part of the outstanding overseas investments of the Corporation against loss arising from any cause, including but not limited to political or military events; and (4) to establish a second insurance system to protect against loss for specific causes, not including mismanagement, all or part of the outstanding investments of private investors other than the Corporation in any overseas undertaking eligible for financial assistance by the Corporation.

Section 3 establishes basic criteria for the investment program of the Corporation. As a necessary condition for making such investments the Corporation would have to find that such project met sound economic criteria. The Corporation would also be required to obtain the views of the country in which the affected enterprise would be located. A further criterion of assistance would be that loan financing or equity assistance would not take the place of funds which would otherwise flow readily for the same purpose. Findings would also be necessary that the investment program in general was consistent with the policy of the United States to maintain maximum employment, production, and purchasing power within the domestic economy; that the program in general was consistent with the promotion of a satisfactory balance-of-payments

position for the United States; and that the program in general was in accord with the general international economic and political policies of the United States.

Section 4 sets forth the means to provide basic financing of the Corporation. Subsection (a) states that to provide initial and temporary capital funds for its operations, the Corporation would be authorized to issue class A stock of 50 shares of par value of \$1 million per share totaling \$50 million. This class A stock would be subscribed to by the U.S. Government through the Secretary of the Treasury.

Subsection (b) authorizes the Corporation to offer for public sale 500 million shares of class B stock at par value of \$5 a share provided that not more than 250 million shares of this class B stock in the aggregate, nor more than 75 million shares in any one year shall be sold so long as the Corporation remains an agency of the United States.

Subsection (c) authorizes the Corporation to issue from time to time, by purchase by the Secretary of the Treasury, its notes, debentures, bonds, or other obligations provided that the issue of such obligation shall not exceed \$60 million in any one year nor shall the aggregate amount of such obligations outstanding at any one time exceed \$300 million, nor shall any such obligations be issued more than 6 years from the date of the first issue, nor shall any such obligations be issued except so long as the Corporation remains an agency of the United States. Such obligations would be interest bearing and would have varied maturities not in excess of 20 years, with provision for retirement before maturity.

Subsection (d) provides that one-fifth of the proceeds of the sale of the class B stock be earmarked in a special fund for the retirement of the class A stock which would have to be retired in full within 6 years or less from the date of original issue of class B stock.

Subsection (e) states that except as otherwise provided in section 4 of this bill, all funds available to the Corporation pursuant to this section, and as earnings from its operations, shall be available for its general purposes under the act.

Section 5 describes the form of initial management of the Corporation.

Subsection (a) provides that the Corporation shall be an independent agency of the United States, until the conditions set forth in section 6 of the act are fully met.

Subsection (b) states that the management of the Corporation during its existence as an agency of the United States would consist of a Board of Directors of 15 members consisting of a President, and Executive Vice President appointed by the President of the United States, and five members appointed from private life by the President of the United States, all with the advice and consent of the Senate; four members appointed by the President of the United States from various U.S. agencies concerned with international economic developments; and the Secretaries of State, Treasury, Commerce, and Labor, serving ex officio.

Subsections (c) through (i) provide for the election of a Chairman, designation of an Executive Committee, the compensation of the Board, the President of the Corporation, and the Executive Vice President and authorized the President of the United States to appoint an Advisory Committee to the Board.

Section 6 establishes a method of transfer of the Corporation to private ownership and management. "When the class A stock of the Corporation has been retired in full within the period 6 years or less provided in section 4(d) of this act, the Board shall transmit to the President of the United States, for submission to the Congress, recommendations for such legislation as may be necessary to provide for the orderly transi-

tion of the Corporation from an agency of the United States to a corporation under private ownership and management, including (1) appropriate provision for transfer to the owners of the outstanding class B stock of the Corporation, the assets and liabilities of the Corporation, (2) appropriate provision for vesting in such owners of class B stock the exclusive voting power of the Corporation originally vested in the owners of class A stock, with each owner of class B stock being thereupon entitled to one vote per share, and (3) such additional provisions as may be necessary to protect any outstanding investments in the Corporation by the United States: *Provided*, That the President, in connection with such submission to the Congress, shall also provide recommendations as to whether a sufficient portion of the obligations purchased by the Secretary of the Treasury pursuant to section 4(c) of this act have been retired to justify the transfer of the Corporation from public to private ownership and management.

"(b) In connection with such transfer, a complete and final accounting shall be made by the Corporation and the Government, at which time the Government shall receive reasonable compensation for all Government services rendered the Corporation."

Section 7 establishes general corporate powers and duties for the Corporation.

Section 8 sets up penal provisions.

Section 9 calls for periodic reports to the Congress.

Section 10 authorizes the Corporation to make certain studies.

Section 11 provides that this act may be cited as the Peace by Investment Corporation Act of 1965.

GREEK-TURKISH ECONOMIC COOPERATION PLANNED

Mr. JAVITS. Mr. President, I invite the attention of the Senate to a new international effort to encourage economic cooperation between Greece and Turkey.

While there is great public attention focused on Greek-Turkish tensions over Cyprus we must not lose sight of the all-important area where Greece and Turkey could cooperate most effectively and profitably with what could be a most healthy effect on the political climate of the whole region. The recent agreement of the Greek and Turkish Foreign Ministers at the May meeting of the NATO Foreign Ministers' Conference in London to seek a peaceful solution to their differences over Cyprus has added an important impetus to this effort.

With the support of the delegates of Turkey and Greece to the Economic Committee of the NATO Parliamentarians' Conference, of which I was then Chairman, the effort to encourage closer economic cooperation between the two countries got underway during the spring of 1964. It was dictated by the fact that both these countries were the less developed countries among the 15 NATO nations and that NATO countries should also help their own.

On May 24, 1965, the effort moved into high gear with the organization of a non-governmental International Advisory Commission on Greek-Turkish Economic Cooperation, at a breakfast meeting held at the Ritz Hotel in Paris. The meeting was attended by 62 representatives of Turkish, Greek, United States, and European business, banks and foundations, as well as observers from international organizations and members of the Spe-

cial Committee on Economic Development in Less Developed NATO Countries, of which I am Chairman, which was established in November 1964 to oversee this project on behalf of the 15-nation NATO Parliamentarians' Conference. I had the honor to chair the breakfast, assisted by the two Vice Chairmen of the Special Committee; Alexander Spanorrigas, member of the Greek Parliament and presently Deputy Minister of Commerce of Greece, and Kasim Gulek, prominent member of the Grand National Assembly of Turkey.

The purpose of the meeting was to explain the nature of the effort to the business community of NATO countries and to seek their support in implementing it. The reaction to the project was enthusiastic which shows every promise of proceeding along the same lines which made the ADELA Investment Company such a great success for Latin America. At the conclusion of the breakfast meeting an Executive Committee of the International Advisory Commission was established to act on behalf of the Commission between meetings.

A brief history of the project is as follows: In the spring of 1964 the Economic Committee of the NATO Parliamentarians' Conference agreed that an effort under its sponsorship to bring about economic cooperation between Greece and Turkey could make a significant contribution to development and peace in the southeastern European anchor of NATO. Consequently, the Committee requested that an extended study be made of specific areas where cooperative ventures between the two countries would be feasible and practical. With the support of the Louis G. Cowan Foundation and the Atlantic Institute in Paris, an American and a European scholar undertook a brief study of the feasibility of such a study under present circumstances.

These initial studies, which were completed in September 1964, concluded that cooperation between the two countries was feasible—despite tensions caused by Cyprus—in such fields as the development of the Evros—Maritsa—River Valley—which constitutes the borderline between the two countries in Thrace—tourism; the joint marketing of fruits and vegetables in northern Europe; and fishing, particularly involving conservation problems, the improvement of fishing methods. Other fields may include cultural and educational cooperation.

I visited Greece and Turkey last November and held extensive conversations with political, business and academic leaders there. I was assured of their close cooperation. The reaction of leaders of such international organizations as the OECD and NATO has also been most favorable. I reported this to the plenary session of the NATO Parliamentarians' Conference in Paris during the week of November 16, 1964 which approved the project and created a special committee to implement it. I was elected chairman. Alexander Spanorrigas, of Greece, and Kasim Gulek, of Turkey, are Vice Chairmen. T. E. Westertorp of the Netherlands is rapporteur.

On March 26, 1965, the Ford Foundation approved a \$150,000 grant to finance a major part of the cost of the studies

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 **PART V**

2 **PEACE BY INVESTMENT CORPORATION**

3 **General Purposes**

4 SEC. 501. The recent establishment of the "Peace Corps"
5 reflects growing realization that governments and diplomatic
6 relations alone cannot bring enduring peace, without the con-
7 solidation and expansion of people-to-people relationships.
8 Economic relationships are fundamental to human relation-
9 ships, and private economic endeavors are inseparable
10 from systems of human freedom. This measure is designed

Amdt. No. 230

1 to establish and expand people-to-people relationships
2 in the economic field; to encourage an expanded flow of
3 private capital investment from the United States into
4 economically sound enterprises in underdeveloped areas of
5 the world in the interest of world peace through mutual eco-
6 nomic progress; to enlarge the number of private investors
7 participating in this flow of capital so as to forge more direct
8 links among the peoples of the world; to reduce gradually
9 thereby the need for United States public investment and
10 grants overseas; to help redirect the total flow of capital
11 from the United States so that increasing portions of this
12 total flow go to the underdeveloped areas, and thus be in
13 better harmony with the domestic economic needs of the
14 United States and the effective management of its interna-
15 tional balance-of-payments problems.

16 PEACE BY INVESTMENT CORPORATION: BASIC FUNCTIONS

17 SEC. 502. There is hereby established a Peace by In-
18 vestment Corporation (hereinafter referred to as the Corpo-
19 ration) with the following basic functions in accord with the
20 purposes of this part:

21 (1) As an equity investment agency, to purchase the
22 securities and obligations of, or make loans to (a) any un-
23 derdeveloped country or political subdivision thereof, (b)
24 any public agency or instrumentality of any such country,
25 or (c) any private or semiprivate firm, corporation, or asso-

1 ciation doing or intending to do business wholly or mainly
2 in any such country or countries for the purpose of financing
3 or assisting in financing any undertaking to expand such in-
4 dustrial, mining, construction, or agricultural activity in such
5 country or countries as will, in the judgment of the Corpora-
6 tion, further the purposes of this part;

7 (2) As an investment trust, to purchase minor stock
8 interests in enterprises in the United States already in being
9 under effective management and engaged substantially in in-
10 vestment in underdeveloped countries, to the extent that such
11 purchases are clearly desirable in conducting the financial
12 functions of the Corporation on a sound and prudent basis;

13 (3) To establish an insurance system, on an actuarially
14 sound basis including such premiums as are required, de-
15 signed to protect all or part of the outstanding investments
16 under paragraph (1) of this section against loss arising from
17 any cause, including but not limited to political or military
18 events;

19 (4) To establish a second insurance system (distinct
20 from that pursuant to paragraph (3) of this section), on
21 an actuarially sound basis including such premiums as are
22 required, designed to protect against loss for specified causes,
23 not including mismanagement, all or part of the outstanding
24 investments of private investors (other than the Corpora-

tion) in any undertaking eligible for financial assistance under paragraph (1) of this section.

BASIC CRITERIA FOR INVESTMENT PROGRAM

SEC. 503. In carrying forward the investment program pursuant to paragraph (1) of section 502 of this part, the Corporation shall be guided by these basic criteria, and shall make appropriate findings accordingly:

(1) That each specific investment is in furtherance of an undertaking which is economically sound, actually or potentially profitable, and consistent with the sound long-range economic development of the country in which it is located;

(2) That the country in which the undertaking is located shall have had full information with respect to it and opportunity to express a judgment as to its desirability;

(3) That the investment is not in competition with nor duplicative of other private investment programs or other public programs of the United States or of international agencies which give reasonable promise of accomplishing comparable results in accord with the purposes of this part;

(4) That each investment, taking into account the country in which it is located, is in accord with the general international economic and political policies of the United States;

(5) That the investment program in general is consistent with the short-range and long-range policy of the

1 United States to maintain maximum employment, produc-
2 tion, and purchasing power within the domestic economy;

3 (6) That the investment program in general is con-
4 sistent with the short-range and long-range need of the
5 United States to maintain a satisfactory balance-of-pay-
6 ments position;

7 (7) That the investment program in general, and in
8 its specific applications, is mutually beneficial to the country
9 to which the investment flows and country from which it
10 emanates, taking into account not only purely economic
11 considerations but also consideration of human improve-
12 ment under free institutions.

13 BASIC FINANCING OF PEACE BY INVESTMENT CORPORATION

14 SEC. 504. (a) The Corporation shall have a capital stock
15 consisting in part of fifty shares of par value of \$1,000,000
16 per share of class A stock, which shall be the only stock
17 of the Corporation having voting power so long as any
18 of it is outstanding. This class A stock shall be sub-
19 scribed to by the United States Government. The Secretary
20 of the Treasury shall use the proceeds from the sale of any
21 securities issued under the Second Liberty Bond Act, as
22 amended, for the purpose of such subscriptions, and the pur-
23 poses for which securities may be issued under such Act are
24 extended to include such subscription. Payment under this

1 paragraph to the Corporation for the subscription of the
2 United States and repayments thereof shall be treated as
3 public debt transactions of the United States. Certificates
4 evidencing stock ownership by the United States shall be
5 issued by the Corporation to the President of the United
6 States or to such other person or persons as he may designate
7 from time to time. Neither the provisions of the Securities
8 Act of 1933, as amended, nor the provisions of the Securities
9 Exchange Act of 1934, as amended, shall apply to the
10 Corporation or to the original issue of its securities while
11 class A stock is outstanding.

12 (b) The Corporation is authorized to increase its capital
13 stock by offering for public sale five hundred million shares
14 of class B stock at par value of \$5 per share. This stock shall
15 be placed on public sale to net the Corporation \$5 per share,
16 with an override not exceeding 30 cents per share to cover
17 distribution costs: *Provided*, That not more than two hundred
18 and fifty million shares of this class B stock in the aggregate,
19 nor more than seventy-five million shares in any one year,
20 shall be sold so long as the Corporation remains an agency of
21 the United States as provided in section 505 (a) of this part.
22 The Corporation, with approval of the Secretary of the Treas-
23 ury, shall by regulation determine the maximum amount of
24 such class B stock which may be held at any time by any
25 individual, and the maximum amount which may be held at

1 any time by business enterprises and other organizations of
2 various types and sizes.

3 (c) The Corporation is authorized to issue from time
4 to time, for purchase by the Secretary of the Treasury, its
5 notes, debentures, bonds, or other obligations: *Provided*,
6 That the issue of such obligations shall not exceed \$60,-
7 000,000 in any one year, nor shall the aggregate amount of
8 such obligations outstanding at any one time exceed \$300,-
9 000,000, nor shall any such obligations be issued more than
10 six years from the date of the first issue, nor shall any such
11 obligations be issued except so long as the Corporation re-
12 mains an agency of the United States as provided in section
13 505 (a) of this part. Such obligations shall have such varied
14 maturities, not in excess of twenty years, as may be de-
15 termined by the Corporation with the approval of the
16 Secretary of the Treasury, with periodic retirement of each
17 obligation commencing in the first year subsequent to its orig-
18 inal issue: *Provided*, That any such obligations may be re-
19 tired at the option of the Corporation before maturity in
20 such manner as may be stipulated therein. Each obligation
21 purchased by the Secretary of the Treasury shall, so long as
22 the Corporation remains an agency of the United States, bear
23 interest at a rate determined by the current average rate on
24 outstanding marketable obligations of the United States as
25 of the last day of the month preceding the issuance of such

1 obligation; and when the Corporation is no longer an agency
2 of the United States, as provided in section 506 of this part,
3 each such obligation shall bear interest at the rate of 4 per
4 centum per annum. The Secretary of the Treasury is au-
5 thorized for the purpose of this subsection to use as a public-
6 debt transaction the proceeds of any securities issued after
7 July 31, 1945, under the Second Liberty Bond Act, as
8 amended, and the purposes for which securities may be issued
9 under that Act are extended to include such purpose. Pay-
10 ment by the Treasury under this subsection of the purchase
11 price of such obligations of the Corporation and repayment
12 thereof by the Corporation shall be treated as public-debt
13 transactions of the United States.

14 (d) One-fifth of the proceeds of the sale of class B stock
15 issued under subsection (b) of this section shall be set
16 aside by the Corporation in a special fund to be established
17 by the Corporation. This special fund shall be utilized
18 (1) to retire fully, within a period of six years or less from
19 the initial issuance of such class B stock, the class A stock
20 of the Corporation issued under subsection (a) of this
21 section, and (2) to retire fully the obligations issued under
22 subsection (c) of this section in accordance with the terms of
23 retirement contained in such obligations. This special fund
24 shall be invested or reinvested by the Corporation in interest-
25 bearing obligations of the United States or in obligations

1 guaranteed as to interest and principal by the United States:
2 *Provided*, That when the class A stock of the Corporation
3 and the obligations issued under subsection (c) of this
4 section shall have been retired in full, any balance remaining
5 in this special fund shall be merged with other funds of the
6 Corporation obtained through the sale of class B stock and
7 shall thereupon be available for the general purposes of this
8 part.

9 (e) Except as otherwise provided in this section, all
10 funds available to the Corporation pursuant to this section,
11 and as earnings from its operations, shall be available for its
12 general purposes under this part.

13 INITIAL MANAGEMENT OF PEACE BY INVESTMENT

14 CORPORATION

15 SEC. 505. (a) Until the conditions set forth in section
16 506 of this part are fully met, the Corporation shall be an in-
17 dependent agency of the United States.

18 (b) The management of the Corporation during its
19 existence as an agency of the United States shall consist of
20 a Board of Directors (herein referred to as the Board),
21 composed of (1) five members appointed from private life
22 by the President with the advice and consent of the Senate,
23 who shall collectively possess broad experience in various
24 areas of economic endeavor; (2) the Secretary of State, the

1 Secretary of the Treasury, the Secretary of Commerce, and
2 the Secretary of Labor, to serve ex officio; (3) four mem-
3 bers to be appointed by the President from various United
4 States agencies concerned with international economic de-
5 velopment; and (4) a President and Executive Vice Presi-
6 dent of the Corporation, as set forth below, who may be
7 appointed from private life or from public service. All
8 members, except those serving ex officio, shall serve at the
9 pleasure of the President.

10 (c) The Board shall elect a Chairman from among its
11 members. Any vacancy in the Board shall not affect its
12 powers, but shall be filled in the same manner as the original
13 appointment. A majority of the Directors shall constitute
14 a quorum, and action shall be taken only by a majority vote
15 of those present.

16 (d) The Board shall designate an executive committee
17 of seven members, not more than two of whom (exclusive
18 of the President and Executive Vice President of the Cor-
19 poration) shall be members appointed from private life.
20 The executive committee shall perform the functions and
21 exercise the powers of the Board at such times and to such
22 extent as shall be provided in the bylaws of the Corporation.

23 (e) Members of the Board appointed from private life
24 shall receive \$100 per diem when engaged in the actual
25 performance of their duties, plus reimbursement for neces-

1 sary travel, subsistence, and other expenses incurred by
2 them in the performance of such duties.

3 (f) There shall be a President of the Corporation, to
4 be appointed by the President, by and with the advice and
5 consent of the Senate, who shall receive a salary at the
6 rate of \$28,500 per annum, and who shall serve as chief
7 executive officer of the Corporation, as a member of the
8 executive committee, and as a member of the Board. The
9 President of the Corporation shall, in accordance with the
10 bylaws, appoint such officers and employees as may be neces-
11 sary for the conduct of the business of the Corporation, de-
12 fine their duties, and fix their compensation.

13 (g) There shall be an Executive Vice President of the
14 Corporation, to be appointed by the President, by and with
15 the advice and consent of the Senate, who shall receive a
16 salary at the rate of \$27,000 per annum. The Executive
17 Vice President shall serve as President of the Corporation
18 during the absence or disability of the President thereof or
19 in the event of a vacancy in such office.

20 (h) No director, officer, attorney, agent, or employee
21 of the Corporation shall in any manner, directly or indirectly,
22 participate in the deliberation upon or the determination of
23 any question affecting his personal interests, or the interests
24 of any government, corporation, partnership, or association
25 in which he is directly or indirectly personally interested.

1 (i) The President may also appoint an advisory com-
2 mittee to the Board, composed of individuals drawn from
3 private and public life outside of the United States, who need
4 not be citizens or residents of the United States.

5 TRANSFER OF PEACE BY INVESTMENT CORPORATION TO

6 PRIVATE OWNERSHIP AND MANAGEMENT

7 SEC. 506. (a) When the class A stock of the Corpora-
8 tion has been retired in full within the period of six years or
9 less provided in section 504 (d) of this Act, the Board shall
10 transmit to the President of the United States, for submis-
11 sion to the Congress, recommendations for such legislation
12 as may be necessary to provide for the orderly transition
13 of the Corporation from an agency of the United States to
14 a corporation under private ownership and management, in-
15 cluding (1) appropriate provision for transfer to the own-
16 ers of the outstanding class B stock of the Corporation the
17 assets and liabilities of the Corporation, (2) appropriate
18 provision for vesting in such owners of class B stock the
19 exclusive voting power of the Corporation originally vested
20 in the owners of class A stock, with each owner of class B
21 stock being thereupon entitled to one vote per share, and
22 (3) such additional provisions as may be necessary to pro-
23 tect any outstanding investments in the Corporation by the
24 United States: *Provided*, That the President, in connection
25 with such submission to the Congress, shall also provide

1 recommendations as to whether a sufficient portion of the
2 obligations purchased by the Secretary of the Treasury pur-
3 suant to section 504 (c) of this part have been retired to
4 justify the transfer of the Corporation from public to private
5 ownership and management.

6 (b) In connection with such transfer, a complete and
7 final accounting shall be made by the Corporation and the
8 Government, at which time the Government shall receive
9 reasonable compensation for all Government services ren-
10 dered the Corporation.

11 GENERAL CORPORATE POWERS AND DUTIES

12 SEC. 507. (a) For the purpose of carrying out its func-
13 tions under this part the Corporation shall have succession
14 in its corporate name; may adopt and use a corporate seal,
15 which shall be judicially noticed; may sue and be sued in
16 its corporate name; may adopt, amend, and repeal bylaws,
17 rules, and regulations governing the manner in which its
18 business may be conducted and the powers vested in it
19 may be exercised; may make and carry out such contracts
20 and agreements as are necessary and advisable in the con-
21 duct of its business, and may purchase, discount, rediscount,
22 sell, and negotiate (with or without its endorsement or
23 guarantee) and guarantee notes, drafts, checks, bills of
24 exchange, acceptances, including bankers' acceptances, cable
25 transfers, and other evidences of indebtedness in carrying out

1 its functions under this part; may appoint and fix the com-
2 pensation of such officers and employees as may be neces-
3 sary for the conduct of its business, without regard to the
4 civil service laws or the Classification Act of 1949, define
5 their authority and duties, delegate to them such powers
6 vested in the Corporation as may be necessary, require bonds
7 of such of them as may be desirable, and fix the penalties
8 and pay the premiums of such bonds; may assign or sell
9 at public or private sale, or otherwise dispose of for cash
10 or credit, upon such terms and conditions as shall be de-
11 termined reasonable, any evidence of debt, contract, claim,
12 personal property, or security held by the Corporation in
13 connection with the payment of loans or other obligations,
14 and collect or compromise all obligations held by the Cor-
15 poration; may set up or engage such subsidiary agencies in
16 the United States or in underdeveloped countries as will
17 facilitate the business of the Corporation and may enable
18 such subsidiary agencies to sell class B stock or to sell their
19 own stock for the purpose of buying class B stock; may ac-
20 quire by purchase, lease, or donations such real property
21 or any interest therein, and may sell, lease, or otherwise
22 dispose of such real property, as may be necessary for the
23 conduct of its business; shall determine the character of and
24 the necessity for its obligations and expenditures, and the
25 manner in which they shall be incurred, allowed, and paid,

1 subject to the provisions of this part, and provisions of law
2 specifically applicable to Government corporations; may pay
3 dividends on class B stock out of profits or other earnings;
4 shall be entitled to the use of the United States mails in the
5 same manner and upon the same conditions as may be ap-
6 plicable to the executive departments of the United States
7 Government until such time as it ceases to be an agency
8 of the United States; and shall be subject to Federal taxa-
9 tion from the time that it ceases to be an agency of the
10 United States. The foregoing enumeration of powers shall
11 not be deemed to exclude other lawful powers necessary to
12 the purposes of the Corporation.

13 (b) Notwithstanding the provisions of section 955 of
14 title 18, United States Code, any person, including any indi-
15 vidual, partnership, corporation, or association, may upon
16 proper authorization act for or participate with the Corpo-
17 ration in any operation or transaction engaged in by the
18 Corporation.

19 (c) Section 101 of the Government Corporation Con-
20 trol Act, as amended (31 U.S.C. 846), is amended by in-
21 serting after "Saint Lawrence Seaway Development Corpo-
22 ration" the words "Peace by Investment Corporation".

23 PENAL PROVISIONS

24 SEC. 508. (a) All general penal statutes relating to the
25 larceny, embezzlement, or conversion of public moneys or

1 property of the United States shall apply to the moneys and
2 property of the Corporation.

3 (b) Any person who, with intent to defraud the Cor-
4 poration, or to deceive any director, officer, or employee of
5 the Corporation or any officer or employee of the United
6 States, makes false entry in any book of the Corporation, or
7 makes false report or statement for the Corporation, shall,
8 upon conviction thereof, be fined not more than \$10,000 or
9 imprisoned for not more than five years, or both.

10 (c) Any person who shall receive any compensation,
11 rebate, or reward, or shall enter into any conspiracy, col-
12 lusion, or agreement, express or implied, with intent to
13 defraud the Corporation or wrongfully and unlawfully to
14 defeat its purposes, shall, on conviction thereof, be fined not
15 more than \$10,000 or imprisoned for not more than five
16 years, or both.

17 REPORTS AND STUDIES

18 SEC. 509. The Corporation shall submit to the Presi-
19 dent, for transmission to the Congress at the beginning of
20 each regular session, a complete and detailed annual report of
21 its operations under this part.

22 SEC. 510. The Corporation, immediately upon its estab-
23 lishment, shall commence studies of additional measures,
24 including tax measures, which would further promote the
25 flow of private capital from the United States to under-

1 developed areas of the world and be consistent with the
2 economic and financial policies of the United States. Such
3 studies shall be amplified in the light of the experience of
4 the Corporation. As soon as practicable, and not later than
5 three years after the establishment of the Corporation, it
6 shall prepare for transmission to the Congress the initial
7 results of such studies, including legislative recommendations.

8 CITATION

9 SEC. 511. This part may be cited as the “Peace by In-
10 vestment Corporation Act of 1965”.

AMENDMENT

Intended to be proposed by Mr. JAVITS to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 3, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Section 1. To amend the Act to provide for the establishment of a National Commission on the Status of Women, to be known as the National Commission on the Status of Women, to be composed of representatives of the Executive, Legislative, and Judicial Branches of the Government, and to be charged with the duty of studying the status of women in the United States and to report thereon to the President and the Congress.

Enacted at Washington, D. C., this 1st day of May, 1950.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

Official Business Postage and Fees Paid

U. S. Department of Agriculture

OFFICE OF
BUDGET AND FINANCE

(For information only;
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or cited)

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For actions of June 4, 1965

89th-1st; No. 101

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HIGHLIGHTS: House committee ordered reported bill to provide diversion payments on acreage affected by disaster. House received report from USDA of penalties for rice and cotton overplanting.

SENATE

1. FOREIGN AID. Began debate on S. 1837, the foreign aid authorization bill.
pp. 12154-60
2. TAXATION. Sen. Miller commended and inserted an article, "The Excise Tax: Lutz says Reform, Not Repeal, Would Best Serve the Nation." pp. 12141-2
3. PERSONNEL; POLITICS. Sen. Miller discussed "pressure" on Federal employees to contribute to political functions and inserted an editorial, "Money and Politics: U. S. Workers Targets Again." pp. 12139-40
4. ACREAGE ALLOTMENTS. Sen. Williams, Del., inserted a USDA report of the penalties assessed for overplanting rice and cotton in certain Ark. counties. pp. 12147-8
5. WILDLIFE. Sen. Mundt spoke in support of the inclusion of \$350,000 in the Interior Dept. appropriation bill for the protection of "rare and endangered species of American wildlife," and inserted the text of a pamphlet, "Survival or Surrender for Endangered Wildlife." pp. 12149-52
6. WATER POLLUTION. Sen. Brewster discussed the problems of Potomac River pollution stating that there would be a need for "increased intergovernmental cooperation." p. 12153
7. ADJOURNED until Mon., June 7. p. 12160

HOUSE

8. FEED GRAINS. The Agriculture Committee voted to report (but did not actually report) H. R. 8620, to take into consideration floods and other natural disasters in reference to the feed grains, cotton and wheat programs for 1965. p. D482

ITEM IN APPENDIX

9. REORGANIZATION. Speech in the House by Rep. Erlenborn during debate on the bill to amend the Reorganization Act of 1949. pp. A2894-5

BILL INTRODUCED

10. PERSONNEL. S. 2088 by Sen. Sparkman, to amend the Civil Service Retirement Act, as amended, to provide that accumulated sick leave be credited to the retirement fund or that the individual be reimbursed; to Post Office and Civil Service Committee. Remarks of author p. 12137

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COMMITTEE HEARINGS JUNE 7:

Agricultural appropriations, S. Appropriations
Impact of Federal spending for research and development, S. Labor and Public Welfare.
Higher education bill, S. Labor and Public Welfare.

oOo

The peace of mankind must not—and will not—be lost again. If similarities are many between the worlds of 1937 and 1965, the differences are far more numerous.

The peace-loving nations are not weak now as they were then—not lacking in will now as they were then.

Educated in the adversity of a great war, tested in the trial of continuing danger, united in the face of ever-present peril, the peace-loving peoples have built strength in the 1960's they did not have in the 1930's.

That strength has one unmistakable meaning: For aggression there is no prize. At the end of the road of conquest, the only sure reward is sure ruin.

For 20 years, we have applied what Abraham Lincoln said would be the great lesson of peace:

"Teaching men that what they cannot take by an election neither can they take by war: Teaching all the folly of being the beginners of a war."

But there are other differences, too, between 1937 and 1965.

The people of Communist countries are wiser, too. While their leaders have chosen to close a curtain about them to keep out knowledge of the free world's peaceful intention, the people of the Soviet Union and Eastern Europe know—above all other peoples on this earth—the cost and catastrophe to their homeland of 20th-century warfare.

The men and women of Russia—the men and women of all the nations of Eastern Europe—want peace and the taste of its sweet fruits.

And none want them to have peace more than do the people of the United States.

Between the great powers of East and West, there is no history of conflict on battlefields of the past. Between the people of the Soviet Union and the people of the United States, there has been friendship and there can be greater understanding.

The common interests of the peoples of Russia and the United States are many—and this I would say to the people of the Soviet Union: There is no American interest in conflict with the Soviet people anywhere. And no true Soviet interest is served by the support of aggression or subversion anywhere. We of the United States stand ready always to go with you onto the fields of peace—to plow new furrows, to plant new seed, to tend new growth—so that we and all mankind may someday share together a new and bountiful harvest of happiness and hope on this earth.

Jefferson said of Americans: "Peace is our passion."

Peace is our passion still. In this union, in this hemisphere, in every region of the world, in every forum of nations, the United States is working for peace—and that work will never cease.

But as I have spoken to Communist countries, let me speak also to the free world.

I carry in my pocket—and often read to those who visit the White House—some wise words written by a man of peace, the late Secretary General of the United Nations, Dag Hammarskjöld. The words are these:

"The qualities peace requires are just those I believe we all need today—perseverance and patience, a firm grip on realities, careful but imaginative planning, a clear awareness of the dangers—but also of the fact that fate is what we make it."

In the 1930's, we made our fate not by what we did but by what we failed to do. We propelled ourselves—and all mankind—toward tragedy, not by decisiveness but by vacillation, not by resolution but by irresolution, not by action but by inaction.

The failure of freemen in the 1930's was not of the sword but of the soul—and there must be no such failure in this decade.

Let us not delude ourselves again by the belief that peace can be secured by submissiveness or extended by expediency.

Let us not adopt again the arrogance that peace is less important to the peoples of less important countries because they are distant or different from our own. Let us not return again to the impulsiveness which accepts as safe every promise of peace from the enemies of peace and rejects as dangerous every proposal for strength from its friends.

Perservering and patient, firmly gripping realities, proceeding in clear awareness of the dangers, let us proceed with the careful but imaginative planning necessary to assure peace and justice and progress for all the peoples of earth.

This is the course we of the United States have chosen—and this is the course we shall faithfully hold—for we believe that it leads to peace for mankind.

Nowhere in the world do we seek dominion over others.

Everywhere in the world do we seek decency for all.

Out among the earth's peoples, Americans are working—as few peoples have ever worked—to bring learning and light and health and housing and hope to the family of man. Food from our fields is feeding 100 million people—including 70 million children. Medicine from our laboratories is saving the lives of many millions more. And I daresay there is not one citizen present here who would have their country conduct its course otherwise.

George Washington once told us that we have one option:

"Whether (to) be respectable and prosperous or contemptible and miserable as a nation."

Today we are prosperous—more prosperous than any other nation in all the history of man. We have enjoyed 50 consecutive months of economic expansion—the longest ever known in peacetime and the end is not in sight.

Our people are prospering and moving upward. Just last year, the number of families living on less than \$3,000 income decreased by 18 percent—and the number of families with more than 10,000 income increased 22 percent.

But money is no measure of the moral force at work among Americans today. For we are committed—by a broad and broadening consensus—to bringing brightness into lives where darkness dwells, opening beauty to lives closed over by ugliness, and guaranteeing the rights God gave them to those men had forgotten.

The consensus within America today is a consensus of courage—and let none abroad believe that this consensus stops at the water's edge.

For there is in America a consensus—a strong and deep and abiding majority consensus—that the world shall not walk again the road to darkness that led mankind into the valley of war 30 years ago.

The united will of the American people is itself the ultimate and most profound difference between 1937 and 1965, and let neither friends of peace—nor foes—underestimate the meaning of that unity.

The American people want to be a part of no war. But the American people want no part of appeasement of any aggression.

Over the years of our history, our forces have gone forth into many lands—but always they return when they are no longer needed. For the purpose of America is never to suppress liberty but to save it, never to take freedom but to return it, never to breach peace but to bolster it, never to seize land but to save lives.

One month ago, when our marines went into the Dominican Republic, it was for these same ends.

I have been advised today by the commander of the inter-American forces, General Alvin, and the deputy commander, Lieutenant General Palmer, that conditions in the Dominican Republic now permit further re-

duction of our military personnel. I have, accordingly, ordered the withdrawal of all remaining units of the U.S. Marine Corps totaling approximately 2,100 men.

Our purpose is—and will always be—to serve the peace of mankind.

Let me say this to you:

A man does what he must—in spite of personal consequences, in spite of obstacles and dangers and pressures—and that is the basis of all human morality.

Those words are not mine. They were written by the man in whose great steps I follow—John Fitzgerald Kennedy. But it is that spirit which guides me in all that I do.

For men—as of nations—the way of the peacemaker is never an easy way.

While all men hate war, they too often hate still more the discipline, the duty, the demands of acting to preserve the peace they love. But I am confident—I am certain—that this generation of Americans is willing to accept demands that are stern to enjoy a world that is safe.

For we know—as all men must know whenever they live—that after losing peace again—and it is the united will of America that it shall not be lost.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Tydings in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, I commend to the Senate the enactment of the foreign aid bill as reported by the Committee on Foreign Relations. In substance, the proposed legislation continues the foreign aid program in its present form, but the bill includes certain innovations which have the potentiality for bringing about major improvements in the program. It is these innovations that I should like to discuss.

The form and specifications of the bill are familiar and are explained with clarity and in detail in the committee's report. Generally, the bill provides new authority for appropriations for fiscal year 1966 of not to exceed \$1,988,695,000, a reduction of \$28.2 million in the request of the administration. Combined with preexisting authority, the committee bill authorizes a total appropriation for fiscal year 1966 of \$3,352,170,000. The bill authorizes appropriations in approximately the same amounts for fiscal year 1967.

The most important innovations in this bill are the following: First, a 2-year authorization of funds for the present program; second, a provision calling for the termination of foreign aid in its present form at the end of fiscal year 1967, coupled with the establishment of a Foreign Aid Planning Committee, with two-thirds of its members to be drawn from

the Congress, to be entrusted with responsibility for studying the aid program and submitting its recommendations by January 3, 1967; third, an amendment to the statement of policy expressing the sense of the Congress that the United States and other nations should channel increasing amounts of their aid through multilateral organizations, coupled with a grant of authority to the President to make available to the World Bank and its affiliates as much as 20 percent of funds authorized for development lending under title I.

I proposed to the committee another innovation, the legislative separation of economic and military assistance programs. A majority of the committee's members opposed this suggestion, in part because of reluctance to divest the Committee on Foreign Relations of legislative jurisdiction over the military assistance program. I would note in this connection that the recent special authorization of \$700 million for Vietnam was enacted without the scrutiny of the foreign policy committee of either House of Congress. Since the sum involved was considerable, it is interesting to note that no question of committee jurisdiction was raised.

The ratio of reviews to revisions in the foreign aid program has been high indeed. It is the hope of the Foreign Relations Committee—its intention I should say—that the work of the Foreign Aid Planning Committee called for by this bill will result in revisions as well as recommendations. It is difficult to foresee precise changes that are likely to come about after a 2-year period, but it is clear that very substantial changes are required. They are needed, among other reasons, because of the manifest disenchantment of the Senate with the present program. There is no consensus at present beyond the general feeling that the program must be changed. It is to be hoped that a thorough and extended study of foreign aid will lead to the development of a new consensus in support of a new approach to aid. Whether a new consensus around a new approach can be developed by 1967 is uncertain; it seems clear, however, that the creation of a Foreign Aid Planning Committee, as proposed by the Senator from Oregon, is an intelligent and appropriate way to begin the effort.

There are two excellent reasons for the 2-year authorization called for by the committee bill. The first reason has to do with the Congress; the second has to do with the purposes of our aid.

Annual aid bills require Members of the Senate to engage in meticulous, tedious, and repetitious reviews of programs which have been reviewed many times before and whose specifications are well known. The tendency has been to relieve the tedium by introducing into the annual foreign aid debate all sorts of interesting but extraneous matters. The foreign aid debate has become an annual occasion for the airing of grievances—many, to be sure, related in one way or another to foreign aid; most, at least, related to the country's foreign policy; a few, however, having to do with domestic problems that no amount of tortured logic could ever relate to foreign aid.

Because of the introduction of all these extraneous matters, the annual debate on foreign aid has become in reality an all-year debate on foreign aid. This, of course, has certain educational benefits for Members of the Senate, but I am reminded just a bit of the story of the little girl whose aunt gave her a book about penguins. After she had read it, her aunt asked her if she had learned something about penguins. "Indeed, yes," replied the little girl, "much more than I care to know."

The second reason for a 2-year authorization is the nature of the development process itself. Economic development is a long-term process which does not lend itself to the 1-year legislative cycle of the American Congress. The conventional short-term approach greatly impedes planning by the recipient of aid while the donor is denied the opportunity to offer incentives to recipients to make necessary internal economic reforms. There has been a tendency in the experience of AID and its predecessor agencies to hasten to commit funds as the end of a fiscal year approaches, with the result that recipients may be pushed into premature commitments.

The Foreign Assistance Act of 1961, which in my opinion was the best aid bill we have ever enacted, provided long-term authorizations both for the Alliance for Progress and for development lending to Asian and African countries. The Congress has been tampering with these legislative provisions ever since, largely nullifying the policy benefits of the long-term authorization. We are thus, in effect, back on a year-to-year basis, which, whatever merit it may have from the viewpoint of congressional tradition, has no merit whatever from the viewpoint of sound and promising economic development.

The very nature of the economic development process requires the casting of foreign aid in a new time perspective. The Congress of the United States can make a contribution to this end by adopting the 2-year authorization called for by the committee bill.

The most important innovation in this bill, which is more nearly the anticipation of an innovation than a substantive change in itself, is the authority given to the President to make available up to 20 percent of development lending funds under title I to the International Bank for Reconstruction and Development and to its two affiliates, the International Development Association and the International Finance Corporation. It is specified in the committee's amendment to section 205 of the act that funds made available to these organizations may be used by them under their own criteria and rules rather than under those governing American bilateral assistance. This amendment, in my opinion, constitutes a first tentative step toward an objective which, if fulfilled, will greatly increase the effectiveness of foreign aid throughout the world. That objective is the general multilateralization of economic aid for development purposes.

The case for multilateralism is more than a matter of administration. Since putting forth earlier in the spring a general proposal for the multilateralization

of development lending, I have been reminded by well-qualified people that the field staffs of the Agency for International Development area, in many instances, more extensive and at least as well qualified as those of the international lending agencies. I do not question the competence of AID's economists and technicians, but no matter how good they are they have one insuperable disability of which employees of the World Bank, for example, are free: they are Americans, representing a rich and powerful nation with interests that go far beyond the economic development of the recipient countries.

The fundamental difference between bilateralism and multilateralism in foreign aid is psychological. Bilateral aid carries a connotation of charity, which in the long run has a debilitating effect on both recipient and donor, fostering attitudes of cranky dependency or anger on the part of the recipient and of self-righteous frustration on the part of the donor, attitudes which, once formed, feed destructively upon each other. Multilateral aid, on the other hand, has the more dignified connotation of a community organized to meet its common and rightful responsibilities toward its less fortunate members. The one is appropriate to a world of nation states with unlimited sovereignty, the other to a world that is at least groping toward a broader community.

Unlike any single nation, an international agency like the World Bank is capable of entering into an institutional relationship with the recipient of its aid, thereby converting the aid-giving process from an act of charity to an act of community responsibility. It is true of course that the international agencies draw most of their resources from the same countries that provide bilateral aid, but, as the former President of the World Bank, Eugene Black, has pointed out:

The act of generosity is one stage removed and this is quite enough to draw its sting.¹

Greatly as they want our aid, the poor nations of the world want our respect no less. Above all they need the self-respect that will enable them to go forward confidently in building their own societies. I believe we can help to make this possible by multilateralizing some part of our aid. And in so doing, we will also be advancing our own security by the cultivation of stable and mutually respectful relations.

It should be understood that while the Bank and the IDA are independent international agencies, the influence of the United States on their policies is considerable because decisions on loans are made by votes weighted according to contributions. As the largest single contributor the United States has the greatest voting power. In channeling development loans through the IDA, therefore, the United States would be renouncing exclusive control, with its attendant disadvantages, while retaining great influence on the disposition of its contributions.

¹ Eugene Black, "Second Lecture," Stafford Little Series, Princeton University, May 8, 1962.

In the long run international aid programs are more likely to advance the national interests of the United States than aid programs which are closely supervised by our own Government. The explanation for this paradox lies in the nature of the new nationalism of the emergent countries.

As Roger Hilsman suggested in a recent speech, the wave of the future in the emerging countries is unlikely to be either communism or capitalism but the new nationalism. The national feeling of the peoples of Asia, Africa, and Latin American can become a force for the development of peaceful and progressive societies or a force for the development of totalitarian and aggressive societies. Which course the emerging countries take depends in large part on whether the United States makes itself the friend or the opponent of the new nationalism.

The essence of the nationalism of the peoples of the underdeveloped countries is a profound desire to stand on their own feet as members of successful and self-respecting communities. The history of many of these nations has been one of subordination to the West with its superior wealth, superior technique and superior power. Inevitably, therefore, the struggle for self-respecting independence has been anti-Western in tone and ideology.

To be anti-Western, or anticolonial, has become a way of asserting pride and independence, not because the West is the enemy of the legitimate aspirations of nationalism but because it once was in fact and now remains so in symbol. Much of the vocabulary of the new nationalism is borrowed from Marxism-Leninism, not because the Communist philosophy is so appealing in itself but because it is full of soul-satisfying anathemas against "colonialism" and "capitalist exploitation."

If we are wise, we will perceive that the cries of "colonialism" and "neocolonialism" that issue from the nationalist leaders of the emerging countries are not nearly so much attacks on America as assertions of their own aspirations. If we are wise, we will perceive when the leader of an underdeveloped country tells us to "go jump in the lake" with our aid that his motive is not so much ingratitude as frustration in the presence of so much wealth and power and a proud determination to tell us that we cannot buy him or his country with our riches. If we are wise, we will understand these motives and we will be compassionate toward them and, most important of all, we will make ourselves the friend of the new nationalism.

How can this be done? It can be done by helping the emergent nations to satisfy their two fundamental needs, which are no less valid for being logically contradictory: on the one hand, they need our help; on the other hand, they need to be free of us. They need our help because we are rich and they are poor; they need to be free of us because, because no matter how worthy our motives, we are the living symbols of the colonial past. What we must do—and it is not merely playing with words—is to help the emerging nations in such

a way as to free them of the need for our help.

It is a matter not only of what we do but of how we do it. The aim of our aid programs is the development of prosperous, independent societies, but the methods of our aid has been bilateralism, which, to one degree or another, cannot help but perpetuate a relationship of client and patron. The problem is to provide aid without inflicting ourselves, that is to say, without arousing the conviction or illusion—of "neocolonialism."

The answer, I think, is multilateralism. Just as aid itself can provide the substance and resources for national independence, an aid program conducted by an international institution which has no function and no interests outside of economic development, and which arouses no memories of a colonial past, can help provide the feeling and the conviction of national independence.

National independence is a state of mind as well as a political and economic arrangement. Multilateral aid can help to cultivate that state of mind in a way that bilateralism cannot. It is precisely for this reason that the multilateralization of some part of our aid is not only in the interests of the recipient countries but, insofar as we wish to make ourselves the friends of the new nationalism, in the national interests of the United States as well.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CLARK. First, I congratulate the Senator from Arkansas for having been willing to accept the challenge of again floor managing the bill. I know of the many frustrations which he must have felt as a result of debates on foreign aid during the past few years. But it is literally true that no Member of the Senate knows as much about the subject or is as well qualified to present the administration's program of foreign aid, as modified by the Foreign Relations Committee, as the Senator from Arkansas.

Second, I congratulate the Senator for the excellent speech which he has made in support of this very good bill which we brought out of committee.

I should like to make a couple of comments while the Senator is still in the Chamber. I wish—and I suspect the Senator from Arkansas wishes—that the authorization of foreign aid could be for 4 years instead of 2 years. Perhaps as a result of a restudy of foreign aid which is about to be engaged in, we can come back with a recommendation to that effect, for, after all, the Appropriations Committee must pass on the bill every year. If we could establish the guidelines in the Committee on Foreign Relations and on the floor of the Senate, would it not be wiser to have an even longer authorization?

Mr. FULBRIGHT. I try to get what I believe is possible. I believe that there is an argument to be made, and it does not apply so much to the Senate as it does to the other body—that each Congress should be given an opportunity to pass upon the program. However, I am bound to say that even if there were a 4-year authorization, there would be

nothing to prevent the committee from initiating amendments. So that argument is not insuperable. Even if there were a 4-year authorization, the probabilities are that some part of the aid program would require attention during the interim. But we would be spared the long drawn out, tedious reexamination of everything. So on balance, in the past I have supported a 4-year authorization of the Development Loan Fund. I believe that is a good idea.

Mr. CLARK. It occurs to me that in addition to the tediousness and futility, if it might be so called, of the long drawn out annual Senate debate, there is the fact, which the Senator mentioned, that so much of the development loan program and, to some extent, the technical assistance program, too, requires long-range planning.

Mr. FULBRIGHT. The Senator is quite correct. That is a further reason that should be mentioned. A longer authorization would make possible better preparation for programs.

Mr. CLARK. Without impinging on some of the Senator's views about unlimited debate—

Mr. FULBRIGHT. Those views have been somewhat modified in recent years by the action of the Senate.

Mr. CLARK. I am delighted to hear that. I point out that much of the reason why there is what the Senator has referred to as an all-year debate on foreign aid is due to the fact that much of the discussion on the floor of the Senate is not germane.

I am happy to see the majority leader in the Chamber. Not too long ago, perhaps irritated as a result of an incident that none of us were very happy about on that day, he was good enough to cosponsor with me a proposed change in the germaneness rule which would make it possible for the majority leader or the Senator in charge of a bill to invoke the rule of germaneness to last during the pendency of the consideration of a measure on the floor of the Senate, full well realizing that, under the customs of the Senate, unanimous consent would almost always be given to lift the germaneness rule for any Senator who is faced with any press release emergency. I make that observation, because I believe that if we could have a time limitation by unanimous consent for the consideration of amendments, we would be far advanced. I am confident that we cannot get it this year. Perhaps the thing to do is to change the rules of the Senate so that there can be some reasonable limitation on debate. Events of the recent past seem to have removed the major reason, for the time being at least, for unlimited debate.

Mr. FULBRIGHT. It was certainly modified.

Mr. CLARK. The Senator has referred to multilateral aid. I quite agree with him that it is important, and I am happy that it is being encouraged in the bill.

The Senator spoke of a world groping for a broader community than that of nations and states. I would hope that we could proceed further than we have with multilateral efforts to keep the

peace, which is another wide area where, it seems to me, unlimited national sovereignty is obsolete. Therefore, I would register some mild dissent to Roger Hilsman's attitude of "welcoming the new nationalism." It occurs to me that while the new nationalism has much to commend it in terms of developing nations which are achieving their independence, what we really need is a new internationalism in which, through the United Nations, through the International Monetary Fund, and through the World Bank, we might come to a gradual yielding of absolute sovereignty. I do not mean a world government but merely some procedural devices by which, when the interests of the entire world and perhaps the survival of our civilization are at stake, we could move away from that strict national sovereignty which, to my way of thinking, is one of the impediments in achieving a just and a lasting peace.

Mr. FULBRIGHT. In fairness to Mr. Hilsman, who was discussing the emerging nations, I do not believe he applied his thesis to the developed nations. He was not thinking of that thesis in connection with the United States or Great Britain. He was thinking of the new countries; and, as applied to them, I believe he is quite correct. I do not know whether he necessarily welcomes it, but he was discussing it as a fact of life. I agree. One of the great difficulties we have with such nations is our dealings with them under the AID program. What I was talking about relates only to our relations with those countries, not to Germany, France, or England.

I believe these two movements may be going on and progressing at the same time. The highly developed countries are groping for ways to modify their nationalism. For example, I consider that the Common Market is a modification of absolute national sovereignty in a particular area. They find it very difficult to move in the political field, as they necessarily will. The emerging countries still have to go through that phase.

It is like an incubation phase. They must assert their nationalism in order to achieve their identity before they can move into the other phase. I believe that it is Mr. Hilsman's thesis that they will have to go through a complete stage. If we do not recognize that, we shall be the loser. The developing countries will turn for their development toward the totalitarian Communist bloc because they need help. Where are they to get it? If we are to help them become countries that will contribute to our concept of society, we must recognize and take into account that fact in our efforts to aid them. That is where the technique of the multilateral assistance enters into the process. I believe it is a far healthier and more effective way to give aid. That was really the point that I was trying to make. The experience we had in relation to the Bank and its affiliates has almost demonstrated that beyond doubt.

The World Bank is an illustration of one point. It is particularly applicable to poorer nations, the emergent nations. Since the Bank was established, there

has not been a single default, although some countries which are large borrowers from the Bank have had to roll over their debts to their other creditors. Why is it that such countries have so high a regard for their obligations to the World Bank, as distinguished from their individual national creditors? I believe it is the feeling that they have a greater feeling of responsibility toward the Bank.

Mr. CLARK. I quite agree with the Senator from Arkansas. Yet I should like to emphasize another aspect of the same situation, which is that all these fiercely nationalistic formerly colonial states, as they emerge into freedom and independence, are determined not only to get into the United Nations, but also to play an active part when they become members.

Mr. FULBRIGHT. Yes.

Mr. CLARK. It has occurred to me that many Senators are not really aware of the widespread activities of the United Nations and of the active part taken by the citizens of these developing countries. Norway is a quite well developed country. Trygve Lie was the first Secretary General of the United Nations, and he was followed by Dag Hammarskjöld. Now the Secretary General is U Thant, of Burma. Whenever one goes to the United Nations—and I know that the Senator from Arkansas has been there many times—he observes representatives of Asian, African, and Latin-American countries frequently taking important roles in connection with the international activities of the United Nations.

That was one instance with respect to which I wished to raise a question concerning Mr. Hilsman's new nationalism as opposed to the old nationalism.

I thank the Senator from Arkansas for permitting me to inject myself into the discussion.

Mr. FULBRIGHT. I thank the Senator from Pennsylvania for his comments.

Mr. MANSFIELD. Mr. President, I wish to add my compliments to those paid by the Senator from Pennsylvania to the chairman of the Committee on Foreign Relations, not only for his soundness of outlook and his fine exposition, but because he is once again managing the foreign aid bill. I know it is not an easy task; it is an onerous chore; but someone has to manage it, and I can think of no one who is better qualified, no one who is more patient, no one who is more persevering than the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator from Montana.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, S. 1837 contains provisions that deal with the Agricultural Trade Development and Assistance Act; in other words, the Public Law 480 program, which provides the

legislative base for the food for peace program. These provisions have not received sufficient attention.

S. 1837 provides for the termination of assistance under title I of Public Law 480, the Food for Peace Act, effective by June 30, 1967.

This title of the food for peace law authorizes sales of surplus agricultural commodities to friendly countries, in which payment is made in local currencies. This part of Public Law 480 has been, by far, the largest segment of the food for peace program and the most important part of the program.

Another provision of S. 1837 appears to call for the inclusion in the termination provision of title II of Public Law 480, which is second in importance in the food for peace operations. It provides that the President shall submit his recommendations and legislative proposals for future programs by July 1, 1966. Title II of the food for peace operation provides for the sending of agricultural commodities on a straight grant or gift basis to countries that are experiencing emergency conditions, such as earthquakes, floods, and other natural disasters.

Title II further provides for useful grants for economic development projects, such as the extremely important food-for-wages program.

I do not know how many Senators are familiar with the way in which we have used food as an economic development tool. In my judgment, it is one of the most dynamic, effective overseas programs in which this country is participating. Through this method, which is now operating in a number of countries, are able to use wheat, corn, milk, and other commodities to pay the wages of the workers who are engaged in community and rural development programs. During the past few days, I have been thinking that this is the kind of program that ought to be used on a much larger scale in areas like the Dominican Republic, where there is so much unemployment and such an urgent need for improving community and rural development projects. The same techniques should be used in areas such as southeast Asia, especially South Vietnam, where there is underemployment or unemployment, and an urgent need to improve roads, irrigation systems, rural schools, and community services of all kinds. It has been a highly successful program wherever it has been tried. It is one that I would hope we would expand in the years ahead.

For more than 10 years, Public Law 480 has been the legislative authority for the impressive achievements under our entire food for peace effort. I had the responsibility and the privilege of directing this program as a special assistant to the late President Kennedy during 1961 and the first half of 1962. I regard it as our most effective and successful single overseas program.

On March 31, 1965, President Johnson, in transmitting his annual report on activities carried on under Public Law 480, stated:

The food for peace program is one of the most inspiring enterprises ever undertaken

by any nation in all history—and every American can be proud of it without regard to partisanship or political pressure.

Later, I shall point out some of the reasons why the food for peace program has been so successful. However, my primary purpose today is to state my very strong opposition to the amendments to Public Law 480 contained in the Foreign Assistance Act. Public Law 480 places an absolutely crucial role in our domestic agricultural program.

If we were to terminate the overseas food programs, I dread to think of what would happen to the agricultural economy in the United States, and what would happen to the income of American producers.

I do not wish to imply that this is a program of benefit alone to the American farmer. It is a humanitarian program, too. It has meant the difference between life and death to millions of people on earth. It has been an unusual blending of self-interest and of humanitarian service to hungry people in countries around the globe.

This program was conceived by agricultural leaders. It grew out of our own domestic agricultural situation. It was authorized in Congress through the Agricultural Committees, and for agricultural reasons, and operated primarily by the Department of Agriculture.

The program accounts for exports of surplus agricultural commodities worth approximately \$1.6 billion a year. For some crops, such as wheat, rice, vegetable oils, feed grains, and cotton, it accounts for the export of a substantial part of our entire annual production. For example, in the case of wheat, 1 out of 3 acres of wheat planted in the United States is now utilized in our food for peace program.

Furthermore, food for peace exports are carefully coordinated by the Department of Agriculture with its very large and growing cash exports which have now reached \$4.5 billion annually.

If one were to add the amount of food for peace exports to the amount of cash exports, we would have now reached a level of more than \$6 billion a year total agricultural exports, which is the highest amount in our history.

These exports have not only contributed to a favorable balance of trade for the United States, but also have been a vital factor in bettering our balance-of-payments situation. The cumulative increase in dollar earnings from agricultural exports since 1958 has been more than \$4 billion. Not only is Public Law 480 coordinated with the various foreign trade programs of agriculture, but also it is closely interrelated with domestic agricultural policies and programs.

The decisions regarding foreign trade programs directly and indirectly affect almost every decision that we take regarding our domestic farm programs. The reverse is also true.

It would be impossible for the agricultural committees to plan our commodity programs here at home unless we had some assurance of what would be happening in terms of our outlets for agricultural commodities overseas.

In this connection, I am hopeful that the relationship of the food-for-peace program with domestic agricultural programs will receive even greater emphasis. I believe that we need to be doing more planning, rather than less, in gearing our agricultural program with the opportunities that are ahead of us for the overseas utilization of our food commodities.

President Johnson, in his farm message, as well as in his foreign assistance message, discussed the important role that agriculture plays in promoting economic growth in developing countries. He said that we must use both our agricultural abundance—in other words, the existing agricultural surplus—and also our technical know-how in the important work of raising food production and nutrition in the underdeveloped countries. He urged the Secretary of Agriculture to study and recommend changes in agricultural policies designed to broaden and improve the food-for-peace program, and to gear the program more specifically to meet the needs of recipient countries and their development programs.

To digress for a moment, the most urgent food need of the underdeveloped countries is for more protein food. Lack of protein does almost incredible damage, particularly to children of preschool age. That is damage that cannot be repaired. Once a child reaches the age of 6 or 7 and has gone through a period of years with a serious protein deficiency, both his mind and his physical body are damaged to a degree that can never be repaired, no matter how much medical attention he might receive later in life.

So there is a desperate need for more protein commodities in overseas programs. I am delighted that the Agency for International Development is making provision for protein supplements and vitamin fortification of diets we are providing in our foreign assistance effort. However, we ought to be doing more to provide milk, dairy products, meats, and other high protein foods as high protein supplements the surplus cereals that we have been making available these past 10 years.

I make these brief references to the agricultural programs and to the operations of the Department of Agriculture to illustrate the extent to which the food-for-peace program is related to activities of the Department of Agriculture, and to urge that Congress delete the sections of S. 1837 that relates to our food-for-peace program.

I believe it is necessary that the Public Law 480 authority—our food-for-peace authority—continue to be reviewed very carefully by the Agricultural Committees of Congress, and that those programs be related to domestic agricultural policy.

Titles I and II of Public Law 480, which are affected by S. 1837, will expire in any event on December 31, 1966. Prior to that time, we shall have a complete review of those programs by the executive branch and by the Agriculture Committees. Careful decisions can be made prior to the end of 1966 which would remove the need for the review called for in S. 1837.

Furthermore, the foreign policy aspects of food for peace and the foreign assistance aspects of food for peace have traditionally been considered by the Foreign Relations Committees of the House and Senate, as well as by the Agriculture Committees. Presumably, that consideration will be given before we extend this program, following its expiration at the end of 1966. At the present time, the executive branch is engaged in the most comprehensive review it has ever made of the food for peace and its relationship to the economic growth of developing countries.

I look forward to the conclusions and recommendations of the administration, since they should be important planning tools for the extension of this program beyond 1966.

I would like to give some indication of the volume of exports under the program of food for peace and some of its related benefits, so that we may have a better understanding of the relationship between this program and our own domestic economy.

In the calendar year 1964, 18 million tons of agricultural commodities were shipped overseas through food-for-peace channels.

This included 560 million bushels of wheat. It included 12 million bags of rice. It included 960 million pounds of vegetable oil. It included 1.2 million bales of cotton.

Hundreds of millions of pounds of dairy products, mainly nonfat dry milk, have been made available to needy children through such voluntary relief agencies as CARE, Catholic Relief Services, Lutheran World Relief, the Mennonite Central Committee, the Church World Service, the American Friends Service Committee, and other beneficial groups. American food is being used increasingly in school lunch programs, and greater emphasis is being given to combating malnutrition through the vitaminizing of milk and the enrichment of other foods.

Any interruption of this school lunch program, which is reaching approximately 40 million children throughout the world every day, for the purposes of review or for whatever purposes, would cause incredible distress and dismay in one country after another.

A few years ago it seemed likely that we would exhaust our dry milk supply, and the word went out that we had to cut out the school lunch program abroad. Many cablegrams came to Washington from Embassies all over the world pointing out the serious consequences of that fact within the receiving countries.

Small but important work projects are being financed in part in many countries to help the economy of village areas and afford employment to people who would otherwise be without work. Food deficits in countries like India and Pakistan are being met in large measure by concessional sales of food from the United States.

We no longer read of massive famines that used to destroy literally millions of people in such countries as India, because those famines have been brought to an end, due in large part to the ship-

ment of our surplus food to such countries. The proceeds of these sales for such currencies as rupees, cruzeros, and other currencies, are being used to finance some of our operations, such as expenses of Embassies, the Voice of America program, some Fulbright exchange programs, and for economic development projects in various countries.

So the food-for-peace program results in many additional benefits to the United States. It adds to farm income of our producers. It means reduced carrying charges on surpluses which would otherwise be piling up at the expense of the taxpayers and carried by the Department of Agriculture. It means jobs for thousands of workers who are involved in processing, handling, and transporting the commodities. There are earnings for many businesses, for example, railroads and steamship lines, and various plants in the marketing field.

I submit that our own merchant marine would go under without the stimulus of the food-for-peace program.

Public Law 480 also pays off in the promotion of strength and peaceful development around the world and the building of future cash markets for agricultural commodities.

This is one portion of the program that is not always recognized. Some of our best cash customers were nations which at one time were brought into the use of American food through our food-for-peace effort. Consider, for example, Japan. For a few years after World War II we made food available to Japan on either a grant basis or for sale on a concessional arrangement. We literally taught millions of young Japanese to develop a liking for American milk, wheat, and other products. Today, far from giving Japan food, Japan is our best single customer for the products raised on our farms.

We hope to stimulate other countries in that direction which are now finding it difficult to reach that stage of development.

So we have developed a good plan in the Public Law 480 program, one that balances, on the one hand, our own self-interest, and, on the other hand, satisfies a desire to perform a humanitarian act in feeding hungry peoples of the world.

Our agricultural abundance and our agricultural know-how, effectively used,

can form a firm basis for economic development and growth.

I hope we shall retain this remarkable program and keep it moving forward.

Again, I urge that the provision in S. 1837 which affects Public Law 480 be deleted. I do not intend at the present time to press for Senate action to delete the objectionable language in the Senate bill, because the House-passed bill does not contain the language to which I have referred. It will come up in conference.

TABLE II.—Exports of U.S. farm products under Public Law 480 compared with total exports of U.S. farm products, calendar years 1955-64

[In millions of dollars]

Program	1955 through 1961	1962	1963	1964	1955 through 1964
Public Law 480:					
Title I.....	5,042	1,010	1,163	1,182	8,397
Title II.....	708	143	174	116	1,141
Title III:					
Barter.....	1,416	137	74	118	1,745
Donations.....	1,083	178	169	183	1,613
Title IV.....	1	42	51	93	187
Total.....	8,250	1,510	1,631	1,692	13,083
Mutual security (AID) ¹	1,826	35	11	23	1,895
Commercial sales ²	19,465	3,489	3,942	4,632	31,528
Total exports.....	29,541	5,034	5,584	6,347	46,506
Total Public Law 480 exports as percent of total exports.....	28	30	29	27	28

¹ The addition of \$22,000,000 shipments under the barter program in July-December 1954 brings the total of shipments under this program since the beginning of Public Law 480 to \$1,767,000,000. The addition of \$20,000,000 shipments under the donations program in July-December 1956 brings the total of shipments under this program since the beginning of Public Law 480 to \$1,633,000,000.

² Sales for foreign currency, economic aid, and expenditures under development loans (1964). Public Laws 87-195, 87-665, and 87-165.

³ Commercial sales for dollars include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of export payments, short- and medium-term credit, and sales of Government-owned commodities at less than domestic market prices.

Mr. McGOVERN. Mr. President, I yield the floor, and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT UNTIL MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in adjournment until 12 o'clock noon on Monday next.

I express the strong hope that the House position, which in no way affects Public Law 480 will be sustained in conference.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table headed "Exports of U.S. farm products under Public Law 480 compared with total exports of U.S. farm products, calendar years 1955-64."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

There being no objection, the Senate (at 1 o'clock and 40 minutes p.m.) adjourned until Monday, June 7, 1965, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 4, 1965:

Adm. David L. McDonald, U.S. Navy, for appointment as the Chief of Naval Operations for a term of 2 years, effective August 1, 1965.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 4, 1965:

GENERAL SERVICES ADMINISTRATION
Lawson B. Knott, Jr., of Virginia, to be Administrator of General Services.

June 7, 1965

16. FOREIGN AID. Continued debate on S. 1837, the foreign aid authorization bill (pp. 12262-87). Agreed to an amendment by Sen. Fulbright, by a vote of 42 to 26, to authorize \$89 million authorizations for expanded social and economic development in Southeast Asia (p. 12286). Rejected an amendment by Sen. Morse, by a vote of 22 to 45, earmarking \$9 million additional authorizations for fiscal year 1966 for funds available for technical cooperation and development grants and \$80 million for support assistance (p. 12279).
17. TRANSPORTATION. A subcommittee of the Commerce Committee voted to report to the full committee S. 1727, to provide for strengthening and improving the national transportation system. p. D486
18. PATENTS. The Judiciary Committee voted to report (but did not actually report) H. R. 4185, to fix the fees payable to the Patent Office. p. D487
19. WHEAT. The Foreign Relations Committee submitted a favorable report on a protocol to extend the International Wheat Agreement 1962. p. 12217
20. PROPERTY. Passed without amendment S. 1516, to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the Administrator of General Services to enter into contracts for the inspection, maintenance, and repair of fixed equipment in federally owned buildings for periods not to exceed five years. pp. 12229-30
Passed as reported S. 1004, to amend the Federal Property and Administrative Services Act of 1949, to make title III thereof directly applicable to procurement of property and nonpersonal services by executive agencies. p. 12230-1
21. PUBLIC WORKS. Sen. Holland inserted his speech before the N. Y. State Waterways Association, "The Lasting Values of the Public Works Program to the People of the United States." pp. 12237-9

ITEMS IN APPENDIX

22. FARM LABOR. Extension of remarks of Rep. Roybal stating that since the termination of the bracero program "thousands of Americans...have been able to find gainful employment in America's fields and orchards." pp. A2901-2, A2907
Extension of remarks of Rep. Derwinski criticizing the farm labor situation. p. A2916
23. PEANUTS. Sen. Sparkman, Ala., inserted an address, "The Peanut Farmers' Role In State's Expanding Agriculture." pp. A2903-4
24. ECONOMICS. Rep. Ellsworth inserted an article, "The New Economics and Its New High Priest." pp. A2904-5
25. FARM PROGRAM. Extension of remarks of Rep. Hosmer criticizing various administration programs, and the fact that "Mountains of surplus crops are stored around the country while the Agriculture Department spends millions of dollars a year learning how to produce more of the same." pp. A2919-20
26. FARM PRICES. Extension of remarks of Rep. Nelsen inserting a GTA radio roundup "looking at the dismal farm price situation." pp. A2924-5

BILLS INTRODUCED

27. DISASTER RELIEF. S. 2089 by Sen. Morse, H. R. Johnson, Calif., Rep. Clausen, H. R. 8820 by Rep. Ullman, and Rep. Wyatt, to provide assistance to the States of California, Oregon, Washington, Nevada, and Idaho for the reconstruction of areas damaged by recent floods and high waters; to Public Works Committee. Remarks of Sen. Morse pp. 11217-8
28. PERSONNEL. H. R. 8804 by Rep. Broyhill, Va., to amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses; to Post Office and Civil Service Committee.
H. R. 8813 by Rep. Keogh, to amend the Civil Service Retirement Act to liberalize certain provisions thereof pertaining to qualifications for retirement and computation of annuities; to Post Office and Civil Service Committee.
H. R. 8814 by Rep. Kunkel, to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States; to Government Operations Committee. Remarks of author pp. 12192-4
29. FARM LABOR. S. 2090 by Sen. Tower, and H. R. 8810 by Rep. Herlong, to provide for the establishment of a program under which foreign agricultural workers can be recruited for temporary employment in the continental United States; to Agriculture Committee. Remarks of Sen. Tower pp. 12220-2
30. AIR POLLUTION. H. R. 8800 by Rep. Ashley, to amend the Clean Air Act to require standards for controlling the emission of pollutants from gasoline- or diesel-powered vehicles, to establish a Federal Air Pollution Control Laboratory; to Interstate and Foreign Commerce Committee.
31. WILDLIFE. H. R. 8807 by Rep. Dingell, to amend the Migratory Bird Conservation Act to provide that no land contained in the national wildlife refuge system shall be sold, transferred for any other use, or otherwise disposed of without the approval of the Migratory Bird Commission; to Merchant Marine and Fisheries Committee.
32. URBAN AFFAIRS. H. R. 8822 by Rep. Dwyer, to establish in the Executive Office of the President an Office of Urban Affairs and Community Development; to Government Operations Committee.
33. MARKETING ORDERS. S. 2092 by Sen. Holland, to amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to celery, sweet corn, limes, or avocados to provide for paid advertising; to Agriculture and Forestry Committee.
34. EDUCATION. S. 2097 by Sen. Morse, to provide for judicial review of the constitutionality of grants or loans under certain acts; to Judiciary Committee. Remarks of author p. 12222

BILLS APPROVED BY THE PRESIDENT

35. PERSONNEL; ACCOUNTING. H. R. 6691, to validate certain over payments made by the Forest Service to Southwestern Indian firefighter crews from N. Mex. and Ariz. Approved June 5, 1965 (Public Law 89-34).

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FLIGHT OF "GEMINI IV"—RECESS TO 1:30 O'CLOCK

Mr. MORSE. Mr. President, I have a happy suggestion to make to my majority leader, the Senator from Montana [Mr. MANSFIELD], and to the floor manager of the foreign aid bill at the moment, the Senator from Alabama [Mr. SPARKMAN]. History is being made at this very moment. The eyes of the world are on two great patriots in a space ship who are in the process of coming down to earth. My suggestion is that no Senator should feel the slightest dereliction in his Senate duties because he is in front of a television set somewhere in the precincts of the Senate. I respectfully suggest that the Senate take a recess until those two great patriots are safely landed and all of us have had an opportunity to be participants as observers in that great chapter of American history. I make that suggestion.

Mr. MANSFIELD. Mr. President, to recognize the achievement, and as a mark of respect and admiration for astronauts James A. McDivitt and Edward H. White, I ask unanimous consent that the Senate stand in recess until 1:30 p.m.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, (at 12 o'clock and 57 minutes p.m.) took a recess until 1:30 o'clock the same day.

On the expiration of the recess the Senate reassembled and was called to order by the Presiding Officer (Mr. MANSFIELD in the chair).

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. As a further mark of respect and admiration for Astronauts James A. McDivitt and Edward H. White, the Senate will stand in recess until 2 o'clock.

There being no objection, the Senate took a recess until 2 p.m. the same day.

On the expiration of the recess the Senate reassembled and was called to order by the Presiding Officer (Mr. MONROYA in the chair).

RECESS UNTIL 2:30 P.M.

Mr. MANSFIELD. Mr. President, for the same reasons previously stated, I move that the Senate stand in recess until the hour of 2:30 p.m.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate took a recess until 2:30 p.m.

On the expiration of the recess the Senate reassembled, when called to order by the Presiding Officer (Mr. HARRIS in the chair).

The PRESIDING OFFICER. What is the will of the Senate?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTES TO ASTRONAUTS JAMES A. MCDIVITT AND EDWARD H. WHITE

Mr. MANSFIELD. Mr. President, if I may be recognized briefly, I should like to take this means to commend the astronauts, Mr. James A. McDivitt and Mr. Edward H. White, who have just completed a 4-day successful space flight. They carried much in the way of hopes as far as our own country is concerned. They comported themselves with valor, with dignity, and with courage.

We are just as happy as they are, as their wives are, as their families are, that they have been able to successfully complete this flight and add additional luster to the struggle that is going on in man's attempts to conquer outer space. The Senate extends to them its best wishes and congratulations.

Mr. DIRKSEN. Mr. President, the successful flight of the astronauts, through orbit, is, first of all, testimony to their personal courage. I doubt whether anybody can quite appreciate the courage that has to be summoned up for a man to offer himself for a flight in space. It is a testimony also to their fidelity to their country and the contribution they can make to science and to the well-being and defense of their country.

In addition, it is testimony to man's unending curiosity about space, and his constant devotion to the endeavor of conquering space and distance.

I presume we can set apart perhaps the last 100 years as that period in which we conquered time, space, distance, and temperature, by means of the telephone, the telegraph, the radio, television, air conditioning, the airplane, and the helicopter. All of these are nothing more than man's conquest of natural forces.

Again two great interpid souls have offered themselves, along with others, for the purpose of conquering space; I say, All hail to their courage and to their devotion to their country.

Mr. SPARKMAN. Mr. President, I join our distinguished leaders in the remarks they have made commending the astronauts and all those who have been associated with them in making this accomplishment possible. It has been a great undertaking. It has called for adventure of the highest order. Even though the accomplishments thus far attained have been spectacular, and will continue to be so through the years in the impact they will have, it is difficult to envisage the extent to which this effort can and will be carried out.

I heard over the radio this morning, as I was driving to work, the voice of Dr.

Wehrner von Braun, speaking at a college commencement at which he was given an honorary doctor's degree, make this rather simple statement, but one of great implication—that man would continue to explore space as long as there was yet space unexplored.

When we think back to the times of exploration by water, that same spirit was in being. Even to this day, if there is any unexplored area anywhere on earth, man seeks to explore it. It is an easy prediction to reflect that that will continue. The flight which has just been made has done much toward forwarding us to that day.

Dr. von Braun, in the same statement, laid down a kind of calendar of events as they may happen in the future. It is freely predicted that we shall land a man on the moon by 1970, within 5 years of this time.

I heard Dr. von Braun make a speech at one time in which he said:

We shall not stop at the moon. We shall go to Mars. We shall go to Venus—yea, we shall go to the outermost of galaxies.

It shows the dreams that motivate those people as they search the outer reaches of space.

It has been my good fortune to watch those developments at rather close hand. Fifteen years ago Dr. Von Braun and his team of German scientists were moved to my hometown. There they did work on missiles. In 1955 they constructed the first moderate-range missile, a range of probably a hundred miles. I remember how they were able to stretch that distance until they attained a range of some 1,500 miles.

I remind Senators that it was a missile that was produced at Redstone Arsenal in my hometown, the souped-up Redstone that became Jupiter-C, that put up the first satellite for the free world. It was the Redstone that carried Alan Shepard.

There in my hometown I have watched through the years the development of the mightiest space machine in the world. The Saturn has an initial thrust of 1½ million foot-pounds. Saturn 5, which is the ultimate in that development, will have five times that thrust; and it will be that mechanism which will be used to put a man on the moon within the next 5 years.

We should feel good that this mission has been so well completed. We should feel happy. We should feel humbled, and at the same time we should look to the future with a great deal of confidence as to what man can do and will do.

Mr. MORSE. Mr. President, at 10 minutes to 1 the Senator from Oregon suggested to the majority leader that, in view of the fact that we were living in a great hour of history, it would be most appropriate if the Senate took a recess so that Senators could join in the experience of the writing of that history. The majority leader [Mr. MANSFIELD], in his characteristic way, immediately joined me in that suggestion, and I thank him. I know I thank him in behalf of the entire membership of the Senate for declaring the recess that permitted us in the last hour and a half to see this

great chapter of American history written.

Two great patriots, the primary personages involved in the writing of the chapter, were among others who also helped write this chapter.

(At this point Mr. HARRIS took the chair as Presiding Officer.)

Mr. MORSE. Mr. President, Chris Craft, all the scientists, all the astronauts, including McDivitt and White, and hundreds of patriotic Americans, made it possible for these two dedicated patriots to write this glorious chapter.

I believe that each of us is a better human being because of the observations we have made and the participation in which we were involved as Americans during the past hour and a half, as we anxiously followed the return of McDivitt and White to the aircraft carrier *Wasp*.

Mr. President, this is a great hour in which to be alive. I hope that each of us will rededicate himself to the responsibilities which are ours as free Americans, and will do what we can in accordance with our sights and our reason, as a result of the exciting chapter of history which has just been written, to make this country an ever better place in which to live.

The Senator from Alabama [Mr. HILL] just referred to our being more humble. Certainly, we are more humble. But I hope each of us feels more dedicated to the spiritual values which are such an inseparable part of our conditioning as human beings, and will make his own interpretation of an event such as this. I do not see how anyone can see and hear what we have just witnessed in the past hour and a half without recognizing that there is a Creator who directs the universe.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, I wish to make a few preliminary remarks involving discussion of procedure and the program, so far as opposition to the foreign aid bill now before the Senate is concerned.

We are now in the second day of debate on this bill. The chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], made the opening statement for the proponents of the foreign aid bill.

This afternoon it falls to my responsibility to make the opening statement on behalf of the opposition to the foreign aid bill.

It is really not accurate to talk about proponents and opponents, because there is no difference between us as to the ultimate objective. We have a common objective, irrespective of differences in position on the bill as between affirmative support and negative opposition.

Our objective as U.S. Senators in connection with the foreign aid bill is to follow a course of action which we believe to be in the best interests of the United States.

There is no difference between us, I am sure, so far as that objective is concerned. Our differences, really, are differences in the evaluation of objectives, differences in interpretation of the facts are, differences as to the best procedures to be followed to promote the common objective: The best welfare of the United States of America.

As a member of the Committee on Foreign Relations, this is not a new position for me, so far as my attitude toward the foreign aid program is concerned.

I believe that the foreign aid program of the United States, at the present time, over all, is not in the best interests of future generations of Americans, nor is it in the best interests of the present generation of Americans.

As debate progresses, I shall advance—as I have in many years past, by bringing up to date the evidence which has been adduced since I last discussed those premises—my deep conviction that everywhere that foreign aid is being operated on the basis of its present format, American foreign aid is making hundreds of thousands of Communists around the world.

I shall advance the premise, and defend it, that American military aid, as it is being administered at present, jeopardizes peace, and that if it is peace which America seeks, drastic changes in American military aid should be enacted into law this year. They should have been enacted last year. They should have been enacted the year before that. They should have been enacted many years past, because I am satisfied that when the history of American military aid is written—after those of us in the Senate who will be voting on this bill are gone from the scene—future generations of Americans will be condemned with the course of action which we have followed in respect to American military aid.

Mr. President, before I enter into a discussion of the substance of some of the premises I have in mind, let me speak for a few moments about some procedures to be followed in connection with the debate. I particularly invite the attention of the Senator from Alaska [Mr. GRUENING] with whom I have worked for many years to make foreign aid worth while.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Does the Senator believe there is understanding on the part of the administration and others that our efforts through the years have been designed to improve and strengthened the administration of foreign aid, and that if some of the amendments that we propose were adopted, it would mean not only the saving of funds to the Treasury, but also the far more effective use of foreign aid, by which it would tend to achieve the objectives that are alleged for it, but which are being thwarted by its maladministration?

Mr. MORSE. I wish I could reply by saying that I believe the administration has that understanding, but the administration has not shown the slightest evidence that it comprehends the point of view of the Senator from Alaska and

the Senator from Oregon and others of us who have been trying to change the foreign aid program for some time.

So far as I can see, this administration does not even show that it has any understanding of what the Comptroller General of the United States has been pointing out for years as being involved in our foreign aid program—inefficiency, waste, corruption, and threats to the peace. With evidence so clear, I am at a loss to understand why this administration and previous administrations have not tried to put into effect the necessary reforms based upon the reports of our own Comptroller General. When Congress has acted to write changes into law over administration objections, those changes are subsequently advertised as great improvements by the administration. Of course, there are many more changes that any administration would find useful if it could bring itself to recognize that in the past Congress has shown good judgment in amending the program.

Mr. GRUENING. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. GRUENING. I know the Senator appreciates it, but I wonder how many others appreciate, that our foreign military aid program, which is ostensibly designed to check communism and the military advances of the Soviet Union and others—China among others—has resulted in our giving money for that purpose to countries which use the arms to fight each other. I refer to the case of India and Pakistan; Greece and Turkey, which fight each other over Cyprus; and the latest development, our offering arms to Jordan, to be used by them to raid Israel and to kill people.

It is fantastic that the administration does not appreciate that fact and serve notice on those countries that no more military aid will be provided unless it is used for the purposes originally indicated, some of which are no longer valid.

Mr. MORSE. As the Senator from Alaska knows, he is unanswerably right. In past years, I have supported his amendments dealing with these matters, and shall again do so this year.

This afternoon I shall speak only in terms of rather broad generalities, and shall outline the case which I propose to make against the administration with respect to foreign aid; then we shall go into depth which respect to the serious mistakes which the Senator from Alaska has outlined. For example, he has referred to the military aid program of the United States in the Middle East.

I could not believe my eyes when I picked up the newspaper the other morning and read that the Secretary of Defense, Mr. McNamara, made a formal official proposal that we would supply Saudi Arabia with \$100 million worth of military aid. It is unbelievable.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. That is what he said in that speech. That is what he proposed in the speech he made. He proposed, formally, to build up in the Middle East military aid to Saudi Arabia to the tune of \$100 million.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. I believe Mr. McNAMARA spoke about selling military equipment. I do not believe he called it aid. If the Senator is referring to the same article that I read, it was not aid, as we use the word; rather, he was speaking about authorizing the sale of the equipment for cash to Saudi Arabia.

Mr. MORSE. Does the Senator believe that the sale of \$100 million worth of military equipment to Saudi Arabia is not aid?

Mr. FULBRIGHT. It is not aid in the usual sense in which we use that word. In the Senator's sense, of course, all of it is aid.

Mr. MORSE. What does the Senator think I have been protesting all these years?

Mr. FULBRIGHT. I believe the RECORD could leave the impression that we were giving aid. I did not know that the Senator was using the word in that fashion.

Mr. MORSE. That is what I have been protesting; namely, our Government's giving or selling weapons of war to endanger the peace of the world, to kill thousands of human beings, and then ringing church bells on Sundays. What national hypocrisy.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. How does the administration reconcile its oft reiterated pleas for peace on earth, and the peace-keeping objective as being the prime objective of the United States in the world, with going into the arms business on this tremendous scale?

Mr. MORSE. I never look to this administration to reconcile its inconsistencies or its malfeasances.

Mr. President, going back to my thesis, imagine building up the military power of dictatorships in the Middle East, which at the very moment that I speak are talking about making war. Does anyone believe that the McNamara program for \$100 million worth of military equipment for Saudi Arabia will be used for the sheiks to play tiddly-winks or hopscotch or hide-and-seek or ring-around-the-rosy? We are dealing with dangerous men. The proposal is to equip them. A great deal of it will find its way to the royalist Yemenis, who are fighting the Egyptians whose war machine we feed with surplus food. The administration has the audacity to try to tell the American people, through this misleading propaganda, that we are a nation of peace.

We are a threat to the peace of the world. It is about time that the American people faced the fact that if they follow this administration in its war plans, hundreds of thousands of American boys will die in battle in the months not too far ahead—but not with the vote of the Senator from Oregon.

We will either practice our ideals, or we will have no ideals. Imagine the great sums of money, taken from the taxpayers of the United States, being used to build up competing military ma-

chines in India and Pakistan, which would be of no value to the United States in case of war with Russia. The American people do not know, because they have been taken so far down the road to government by concealment that they do not have the facts as to what their Government is up to, about the high secrecy on which American foreign policy is conducted. The American people do not have the facts about the police state institution that has been built into this so-called democracy, known as the CIA, whose activities, I may say as chairman of the Subcommittee on Latin American Affairs, in Latin America have been a source of threat to the peace, time and time again.

Mr. President, I do not intend to support that kind of foreign policy, because I believe that we have a sacred obligation to future generations of American boys and girls. For example, we should return to the type of foreign policy that Franklin Roosevelt envisioned when, 20 years ago, he tried to obtain support for following a course of action in Indochina directly opposite to the course of action that the present administration is following and preceding administrations have followed in Indochina. Had we followed the Franklin Roosevelt program, American boys would not be dying in southeast Asia today.

There are many who do not wish to listen to tough talk. There are many who do not wish to face up to the ugly realities. They would much prefer to take the flag behind the chair of the Presiding Officer and wave it into tatters with their so-called superpatriotism.

Let me say to those who are so anxious to have American boys die in southeast Asia, "Come on. The line forms at the right. Offer yourselves as a substitute for an American boy whom you are drafting and sending over there. You come back in a coffin, since you are so anxious that there be killing of God's children, whatever their race or color, in an unnecessary, unjustifiable, illegal, and unconscionable war in southeast Asia." It is a war that the President cannot justify under his oath as Commander in Chief under the Constitution of the United States, because the President does not have the slightest right under the Constitution to send a single boy to his death in southeast Asia without a declaration of war.

Where is the declaration of war? I will tell the Senate why a proposed declaration of war is not before the Congress. The American people would not accept it, for a proposal really to make the present war legal under the Constitution would then bring forth a demand from coast to coast across this country for a consideration of all facets of the international law implications of such a war.

Mr. GRUENING. Mr. President, will the Senator yield for another question?

Mr. MORSE. I yield.

Mr. GRUENING. Has the distinguished Senator from Oregon any explanation as to why neither the present administration nor any preceding administration has ever invoked articles 1, 2, 33, and 37 of the United Nations Char-

ter, to which we are signatories, and which we helped to create?

Mr. MORSE. They do not have any good reason. But I will tell the Senator what some of their alibis are. There has never come from the State Department a single justification that has any international law standing for the United States violating its signature to the United Nations Charter. We stand in open violation of the United Nations Charter, and the Secretary of State knows it. All he can do is go around insulting those who have forgotten more about international law and more about Asia than he will ever know. His attacks upon the academic world, the colleges and the universities of this country, are inexcusable.

I renew this afternoon my challenge to the Secretary of State to meet me on any campus or campuses that he wishes to name for a discussion of American foreign policy in respect to the war in Asia. I also warn him that he will not be protected in the debate by executive privilege. We shall tell the American people all the facts that have been made available to us, which is a small percentage of what ought to be made available, because not even in the Senate are we protected from Government by concealment.

Mr. GRUENING. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. GRUENING. As the Senator well knows, articles 1 and 2 of the United Nations Charter prescribe and make mandatory peaceful approaches in international difficulties. Article 33 outlines eight different steps which, if we adhered to the charter to which we are a signatory, are prescribed and to be used first of all before any other methods are used. If all of those have been used and failed, article 37 makes it mandatory that we shall, not may, then lay the issue before the Security Council. Is there any understandable explanation why that course has never been tried?

Mr. MORSE. The Senator from Alaska has brought out the fact time and time again for the past 2 years. So has the senior Senator from Oregon. So have the great scholars of the universities of this country—time and time again. But such a procedure would interfere with the propaganda of this administration and with its concealed purposes in Asia.

I told the Senator that I would call his attention to some of the rationalizations and alibis of the spokesmen for the administration. When I have pleaded in the Foreign Relations Committee for the submission of these great issues to the United Nations, the answer of the State Department is, "Senator, do you not think Russia would veto that course in the Security Council?"

My reply is, "Perhaps. I cannot be sure, and neither can you. We shall never know until we try. But I believe Red Russia would veto it."

That is why I desire to put Red Russia on the spot. That is why I wish to show who it is that has refused to resort to the rule of law for the settlement of threats to the peace. That is why I want

to get my country out of the position of international outlawry and make it a law-abiding nation again. That is why I wish my country to get back within its treaty obligations. I wish to prove that it is not the United States, but a Communist nation, that is seeking to resort to outlawry in order to cause threats to the peace of the world.

Mr. GRUENING. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. GRUENING. Is there not a provision in the United Nations Charter that if we fail in the Security Council, we still have the opportunity to lay the issue before the General Assembly?

Mr. MORSE. That is the point. I have said to the Secretary of State, "Why are you stopping with the Security Council section of the United Nations Charter? Read on. Read on and see what can be done by laying the matter before an extraordinary session of the General Assembly of the United Nations." It is our obligation to do so. After we put Russia on the spot, if she does veto the proposal—and she might surprise us, but let us assume that she vetoes it—what do we suppose would happen?

We would then have lined up 80, 85, 90, 95, or 100 nations of the world in favor of setting up what Franklin Roosevelt proposed 20 years ago before the United Nations even came into being, when he pleaded for an international trusteeship in Indochina, carried out by the peace-loving nations of the world. What do we suppose would be Russia's reaction and Red China's reaction if we had that kind of alignment? I think we would have no trouble getting it, but the plan requires leadership.

We have not been leading; we have been running out on our obligations under the United Nations Charter. Several things flashed through my mind as I surveyed over the weekend the pronouncements of the President and his official spokesmen—the Secretary of Defense, the Secretary of State, McGeorge Bundy, and others—who have been trying to sell the propaganda line for a war in Asia at the same time they have talked about peace.

Mr. President, do you know what I think worries them? They are not so sure as they thought they had reason to be 30 days ago that Russia will continue to stand on the sidelines. It is perfectly clear that 30 days ago the administration thought that the hatred that Russia has for China, and the fear that Russia has for China, would cause Russia not to move. But there is clearly embedded and implied in some of the pronouncements over the weekend a growing concern as to what Russia may be up to. There are reports about anti-missile weapons in North Vietnam—from Russia. There are reports of some effective fighter-bombers in North Vietnam—from Russia. There are reports out of Russia itself that Russia does not intend to walk out on its obligations to North Vietnam. There is concern about some worrisome reports being received about movements within Red China.

The bombing of North Vietnam has not worked. The bombing of North

Vietnam has not driven the North Vietnamese to the conference table. The bombing of North Vietnam has not yet moved a single division of the North Vietnamese Army of more than 350,000 troops. Of course we are concerned. We have every right to be concerned. The bombing that we have been doing has not yet even stirred up a major overt military response; it has not resulted in the slightest inclination on the part of North Vietnam or the Vietcong to go to the conference table. It is not surprising that our leaders should start to show some signs of concern as to whether or not they have been on the right course. They have been on the wrong course from the beginning. Of course, the situation will become worse, not better.

Not so many days ago I sat in the Chamber and listened to the reservationists at the time the so-called \$700 million military bill for South Vietnam was before the Senate. Reservationist after reservationist in this body rose and pointed out and wanted it understood that when he voted for that bill, he was not voting a blank check. All of them wanted it understood that when they voted for the \$700 million, they expected to be consulted by the President if there was any plan to send additional troops to South Vietnam. They made good statements for home consumption, I suppose, if one believes in that kind of politics. But it was too much for me. The record will show that I replied to the reservationists.

I said, "You are being consulted right now. If any of you reservationists think you will be consulted, after you use this vehicle this afternoon in which the President has asked you to ride by way of a vote of confidence in him for supporting what he is doing in southeast Asia, you could not be more mistaken."

I wonder what those reservationists have to say today. Were the reservationists consulted before more troops were sent to Vietnam? Thousands more troops have been sent to South Vietnam, and the Senate was not consulted.

When we get through with certain amendments to the bill that I understand will be offered with the approval of the administration, including an amendment for the \$89 million proposal that I shall discuss before I finish my speech this afternoon, we shall have another maneuver on the part of the administration to have us hogtied and handcuffed even more, because those votes will be interpreted as further votes of confidence for making war in southeast Asia.

Mr. President, we must make up our minds whether or not we shall try to carry out the most important international commitment the United States has; namely, the commitment to honor our signature on existing treaties; or whether we shall follow a course of action in foreign policy of tearing up those treaties, so far as our responsibility toward them is concerned.

I fully realize, as I shall say in Madison Square Garden tomorrow night, that we cannot expect to follow the course of action that the senior Senator from Oregon and the junior Senator from Alaska [Mr. GRUENING] have been following,

and win any popularity contests. But I have never been interested in popularity contests. I have been interested only in carrying out my trust under my oath that I have taken four times in the Senate. No partisan consideration will ever deter me from voting on the basis of the facts as I find them to be.

I had a fascinating experience this morning in the Committee on Foreign Relations. I am not privileged with propriety to say more than this: In my judgment, a considerable number of my colleagues on the Committee on Foreign Relations wish that our Government were following a different course of action than it is following in respect to the war in Asia. I know the argument—"But we are in the war. What can we do now? We are in it; we must go along. We will make a bad image around the world if we do not continue the program." Is not that some argument? Mr. President, what do you suppose would happen to a poor freshman student who was taking a course in logic in any university in this country if he so argued? His professor would call him in and advise with him as to whether or not he really had the capacity to continue his college work.

I say respectfully that if any Senator thinks there should be a change in our foreign policy, he should work, fight, and vote; not go along out of partisan consideration or because it might show that he differs with the President. I believe that the best friends the President has at any time are those who are willing to differ with him when they think he is wrong.

I shall return to a discussion of some matters of procedure in connection with this debate. It is not the intention of the senior Senator from Oregon to engage in a debate that could be described as a debate in extenso. I know the Senate rather well. I doubt if very much could be said in the Senate to change the position of very many Senators on issues as they arise. Of course, that should not be the case. However, I think that crystallization or atrophy has set in—I do not care which word is used. So, I believe that those in opposition to the bill have the responsibility of making an adequate record.

I have no intention, may I say to the chairman of the committee, as I have already said to the majority leader, of prolonging the debate to any great length. I shall speak at too great length for most of my colleagues, no matter how brief I may be. However, I intend to make a respectful, adequate case for the record, and for future reference, on these issues as they arise.

I announce this afternoon, as I have announced to the majority and minority leaders, that I will not, as of now, enter into any agreements for time limitations, or any amendments, or any time certain to vote. However, that will not preclude, if my colleagues on the opposite side agree, my entering into such arrangements after we feel that an adequate record has been made in opposition to the bill and in support of the amendments that we shall offer.

I hope that will put to rest the concern that some Senators seem to have that we may be in for a long summer on this bill. On the other hand, the spirit of cooperation on the part of the opposition should, and I am sure that it will, receive reciprocity from the proponents of the bill. We shall expect and ask for understandings from time to time in regard to the order of taking up amendments, the accommodation in respect to the length of the daily sessions, and the postponement of certain matters to meet reasonable and legitimate needs of Senators. However, I want the record to be perfectly clear that we will not engage in what might be called a lengthy debate, although we will not be deterred from making whatever record we believe needs to be made on a given issue, to help our positions so far as any participation in the debate is concerned, the offering of amendments, debate on the amendments, and pressing for a vote thereon.

I shall start this afternoon with an amendment. However, before I offer that amendment and ask to have it made the pending business, I wish to discuss two or three procedural matters in connection with it. I shall need the attention of the acting Parliamentarian in connection with certain questions that I shall raise in respect to this amendment.

I believe that courtesy, fair play, and proper respect are due to the President of the United States on the part of each of us. That belief justifies my calling up as my first amendment one which deals with his proposal to add \$89 million to the foreign aid bill for what he refers to as an amount of money needed to start an economic program in southeast Asia, not limited to South Vietnam, but to the countries in southeast Asia.

This bill was before the Committee on Foreign Relations this morning. I offered two amendments. I offered one amendment which proposed that the \$89 million for economic assistance in southeast Asia be granted, but that the military aid program be reduced by a similar amount—that is the military program anywhere in the world—and that decision be left with the administration as to where the \$89 million of military aid should be eliminated.

Mr. President, the administration could cut out many times \$89 million from our military aid program and still have somewhere near a legitimate military aid program. I am for certain types of military aid.

As I expected my amendment was defeated, although there were four votes for it, and much language from Senators who voted against the amendment. I am so accustomed to receiving the words and not the votes. I am accustomed to receiving pats on the back out in the cloakroom, but not the votes.

As one of my colleagues said to Mrs. Morse in the dining room after the vote on the \$700 million vote of confidence, "Midge, I hope you noticed that yesterday my vote was very weak."

Her reply was, "But I heard you."

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. Is it not correct that four votes in the Committee on Foreign Relations are a distinct improvement over the lone fight that the senior Senator from Oregon has been carrying on for so many years?

Mr. MORSE. I have not been alone. The Senator from Alaska has been with me from the beginning. He has been my teacher.

Mr. GRUENING. But not on the Foreign Relations Committee.

Mr. MORSE. I have voted alone in the committee many times. I have received the finest, most courteous, and considerate treatment in the Committee on Foreign Relations. However, I do not have the votes.

Mr. GRUENING. The Senator probably observed that in the vote of confidence, there was an increase of 50 percent.

Mr. MORSE. And more words, too. We received more verbal support on the issue of the so-called vote of confidence than we every received before. I predict to the Senator from Alaska that we shall have even more support a year from now.

Mr. GRUENING. I am informed that that will be true in the House. In the Senate, the gain was 50 percent, with the accession of one additional supporter. However, in the House, support for our position was increased from 0 to 7, which mathematicians would consider to be infinity.

Mr. MORSE. Mr. President, I wish there were some way the President could be apprised of what I am satisfied are the deep feelings at the grassroots in this Republic. One cannot go across the country, as I have done, without recognizing the great uneasiness and concern on the part of the average American citizen about what we are doing in Asia, and the bewilderment of the average citizen, who says, "How does it happen that we seem to be doing this all alone? How does it happen that, for the most part, all we are getting from our alleged allies is words, but no real support?"

The President is going to have a sad awakening about the true feeling of the American people. I should like to save him from it. As the Senator from Alaska knows, the President and I have stood shoulder to shoulder on so many issues, for so many years, that I am anything but happy in finding myself in such complete disagreement with the President in regard to so many phases of American foreign policy. I blame his advisers more than I blame him. Nevertheless, he has to analyze the advice he gets; that is his responsibility.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. GRUENING. Does not the Senator from Oregon consider it a great pity, when the President has such a magnificent domestic program, with so many parts of it that we can applaud enthusiastically, for example, the civil rights program; the educational program, in connection with which the Senator from Oregon played so important a part; the war on poverty; the campaign to beautify

America; the antipollution program; the coming enactment of a hospital-care program; and many other things that all of us can wholeheartedly applaud—to find the domestic program so greatly diminished by the program which looms up in southeast Asia, where our policy, which I believe is so mistakenly pursued, will wreck all our domestic programs, because the Moloch of war will consume all of them?

Mr. MORSE. If we get into a massive war, or even a minor one, we shall have to forget all about domestic programs, and we shall also have to forget all about many other things that will rise to plague Americans in respect to their very basic freedoms and liberties, because if we get into a massive war, this time it will be a total war. A moment ago I said the military aid we make available to Pakistan, Greece, Turkey, and India will be of no value to the United States in case of a war in Asia. However, our military-aid program is sold to the American people on the claimed basis that it will be of aid in that connection.

Many Senators have been heard to say, for example, on political platforms, "Ah, but it is cheaper to keep a Pakistani boy or a Turkish boy or an Indian boy or a Greek boy in uniform than it is to keep an American boy in uniform." What tommyrot. Certainly it is tommyrot, because those Pakistani or Turkish or Greek or Indian boys would be of no value in case of a war with Russia, for that would be a fast nuclear war. The interesting thing is that Greece, India, Turkey, and Pakistan are dependent for their protection upon the canopy of American nuclear power. That is what protects them—not the military aid we send them. Pakistani leaders have said—as I have said many times in debate in the Senate—that they have no intention of sending their troops into southeast Asia. Their foreign minister says that is the problem of the United States. He says, "Our problem is India." What a position of morality that puts us in. We equip India and Pakistan militarily, so they can make war on each other; yet we talk about being a moral nation. Instead, we are a thoroughly hypocritical Nation, as regards our military foreign aid and assistance program, for we are doing the very things that cannot be reconciled with Christian morality.

Mr. GRUENING. If the Senator from Oregon will yield further, let me say that, speaking of morality, there was published in the Saturday newspapers an Associated Press story written by Malcolm Brown, a Pulitzer Prize winner, who has been in southeast Asia for many years, and who is the author of the recent very excellent book entitled "The New Face of War." In the article he pointed out that no prisoners are now being taken by either side. He wrote that as soon as either a South Vietnamese or North Vietnamese is caught off base, he is promptly killed, and sometimes first is tortured, and that is being done not only by "the wicked opposition" at which we point the finger of scorn, but also by our South Vietnamese ally, whom we are supposed

to control. Under those circumstances, what has become of our morality?

Mr. MORSE. That is one of the most disturbing things about this situation.

Last Friday night, I was one of the speakers at the baccalaureate ceremony at Salem College, in West Virginia. While there, I talked with a great clergyman who recently returned from South Vietnam. Even though I had already known of the events to which he testified, nevertheless it was very shocking to hear of them from one who was there and saw them. We talk about our moral values, about our keeping spiritual faith, and about practicing our professions about peace; but, in spite of all that, we find that we are charged with being subversive.

On the floor of the Senate I said, "It is not going to be long"—and, in fact, it has already begun to develop—"until some will claim that God Almighty is on our side in this war."

That is always a part of war propaganda; the proponents always claim that God is on their side. In effect, they enlist God—without any word from Him about the enlistment.

Last week, I read in a religious periodical an editorial in which the writer paid his disrespects to me. The editorial was written by a clergyman. It was rather sad to find that apparently he had stopped reading the Bible, for if he had not stopped reading it, he could not have written the editorial. However, apparently he is going to try to associate God with our participation in this war; apparently he thinks that only Americans are the children of God.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield again to me?

Mr. MORSE. I yield.

Mr. GRUENING. The Senator from Oregon will recall that 2 weeks ago there appeared in the New York Times an impressive advertisement, which at that time was signed by 2,500 clergymen of all faiths—Catholic, Protestant, and Jewish; and later the number of signers was increased to over 16,000. One of the points made in the advertisement was that the signatories felt they were properly qualified to interpret what we are doing in carrying out the will of God; and they felt that what we were doing was not the will of God, but, instead, was in violation of the will of God.

Therefore, I do not know that anyone is entitled to speak authoritatively on what divine providence believes, but certainly the clergy of this Nation, of all denominations, presumably because of their profession are in a better position to be able to interpret the divine will. They all felt definitely—certainly the 16,000 clergymen felt definitely, and so expressed themselves—that what we were doing in Vietnam was not the will of God but a violation of God's will and as was stated by them in the advertisements, would bring down the wrath of God upon our Nation if it persisted.

Mr. MORSE. I read that advertisement. Of course, as the Senator from Alaska knows, I have always held the position that I have no right to seek

to impose my religious convictions upon others in connection with debate on controversial issues, but I have a duty to be true to my religious convictions. The Senator knows I hold the point of view that the Holy of Holies, the sanctum of sanctums, the inner temple, does not happen to be my Congregational Church, or the material church of any other Member of this body of any faith. Those material structures are but symbols of the Holy of Holies.

It happens to be a deep faith of mine that the Holy of Holies resides in each of us, and takes the form of our conscience; and that when we sit in that temple, we never sit alone, but with our God.

Let me say to the Senator from Alaska that I have been approaching the moral issues connected with the foreign policy controversy from the standpoint of communion in that temple.

I do not intend to walk out on my spiritual obligations because of the arguments of political expediency which I heard this morning—which I have heard on the floor of the Senate, and which I hear in the cloakrooms—that merely because we happen to occupy a seat in the U.S. Senate, apparently Senators must not express any public disagreement with the President or show any disunity because it might be misinterpreted around the world.

We are not going to stop or change a course of action which is headed straight toward war by following political expediency. If we are going to stop war, if we are going to remove the growing danger of a holocaust, we must speak out, no matter how much criticism it may stir up within the administration, within the Senate, or within the country. If that is not the responsibility of every Senator, I do not know what is the responsibility of being a Senator.

I can be counted out if I am expected to participate in any "cover up" job or "snow" job for the administration while it finds its bearings.

Mr. President, returning to my amendment, it was offered this morning in the Committee on Foreign Relations and was voted down, although four members voted for it.

The amendment would have granted the President \$89 million for economic use in southeast Asia, but would have reduced military aid in the bill in various part of the world—to be decided by the President—by an equal amount of \$89 million.

Subsequent to the meeting, an able member of the staff—and I have supplemented by further inquiry and verified to my satisfaction his doubt—pointed out to me that there was a possibility, if my amendment were to be adopted that, later on in debate, I might be forestalling the offering of amendments for an additional cut in military aid.

I am going to offer amendments for additional cuts in military aid, as well as amendments for additional cuts in many other sections of the bill.

This afternoon, in sending my first amendment to the desk, I have changed it from the way it was offered this morning in the Committee on Foreign Rela-

tions. I send a copy to the Parliamentarian as well as a copy to the Presiding Officer before I ask some questions on it.

The amendment reads as follows:

At the end of section 504(a) add the following:

"Of the funds made available for the fiscal year 1966 pursuant to this section, \$9,000,000 shall be transferred to and consolidated with funds otherwise made available pursuant to section 212, which relates to authorization for technical cooperation and development grants, and \$80,000,000 shall be transferred to and consolidated with funds otherwise made available pursuant to section 402, which relates to authorization for supporting assistance. The funds so transferred shall remain available until expended solely for use in southeast Asia in accordance with the provisions of section 212 and section 402 respectively."

Please note that under the amendment, \$9 million would be transferred to and consolidated with funds made available pursuant to section 212, which deals with technical cooperation and development grants, and \$80 million would be transferred and consolidated with sections dealing with supporting assistance.

We all know what supporting assistance is. Supporting assistance is money given to a country such as India, Turkey, Pakistan, or Thailand, or to any other country which maintains a military establishment far beyond its economic capacity to support.

Therefore, under the carefully titled "supporting assistance," we would be really granting, in a sense, additional military aid, and additional economic aid, as a sort of subsidy to one of those countries to maintain a higher military program than it could otherwise support.

Mr. President, for the benefit of the Parliamentarian, counsel for the committee has just advised me that the legislative counsel for the Senate suggests that I add an additional sentence to my amendment—inasmuch as we have been working out the wording of the amendment only during the past few hours—as follows:

Amounts transferred pursuant to this subsection shall not be taken into account in determining amounts authorized to be transferred pursuant to section 610.

I have been advised that this language is necessary to take care of certain technical problems which otherwise would arise.

I do not wish to offer the amendment in this form unless I can be sure of a favorable answer, from a parliamentary standpoint, to the following question, which I raise.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. MORSE. If I offer the amendment and ask to have it made the pending business of the Senate, will the transfer of \$9 million, to be consolidated with funds otherwise made available pursuant to section 212, which relates to authorizations for technical cooperation and development grants, in any way preclude the Senator from Oregon or any other Senator from subsequently, at some point during the course of the debate, from offering an amendment which would seek to reduce the amount of money in the

foreign aid bill for authorization for technical cooperation and development grants?

The PRESIDING OFFICER. The Chair advises the Senator from Oregon that it is not within the province of the Chair to construe or interpret amendments or the effect thereof. However, if the amendment were adopted, any other portion of the bill would still be amendable, perhaps in such a way that it might have an effect on the provisions of this amendment, or the effect of this amendment.

Mr. MORSE. I believe I understand the Chair's statement. However, I hope the Chair will bear with me. Assume that my amendment were adopted, and that it would transfer \$9 million to the section that deals with the authorization for technical cooperation and development grants. To make it easy to follow, let us assume that the next amendment to be offered by a Senator would decrease the authorization in the bill for technical cooperation and development grants by 50 percent. Would the adoption of my amendment preclude another Senator or the Senator from Oregon from subsequently offering an amendment to reduce the authorization for technical cooperation and development grants by 50 percent or any other percentage?

The PRESIDING OFFICER. In further answer to the question of the Senator from Oregon, the Chair advises the Senator that so long as the subsequent amendment did not change the language which had been adopted in this amendment, the subsequent amendment would be in order, and there would be no restriction on it.

Mr. MORSE. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. An amendment that sought to reduce by a given percentage the amount of money in the bill proposed to be authorized for technical assistance and development grants would be in order even though this amendment had been adopted, which added to the section dealing with technical assistance and development grants the sum of \$9 million. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MORSE. I am sorry that I seem to be so technical, but I have learned from experience that now is the time to close the gates.

The PRESIDING OFFICER. The Senator's inquiries are perfectly in order.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I have one more question to address to the Chair. Let me now go to the next part of my amendment, dealing with \$80 million which would be transferred and consolidated with funds otherwise made available pursuant to section 402, which relates to authorizations for supporting assistance. I have the same question. If that amendment were adopted, and I or any other Senator should subsequently decide to offer an amendment to reduce the supporting assistance in the bill by any given percentage or any given amount, would such amendment be in order?

The PRESIDING OFFICER. The Senator is correct; so long as it did not attempt to amend the language of an amendment agreed to by the Senate.

Mr. MORSE. I thank the Chair. As usual, I thank the Parliamentarian. I yield now to the Senator from Alaska.

Mr. GRUENING. Mr. President, I should like to ask the senior Senator from Oregon whether the \$89 million refers to the proposed development of the Mekong Delta.

Mr. MORSE. Does the Senator mean the President's proposal for \$89 million?

Mr. GRUENING. Yes; does the Senator's amendment deal with that proposal?

Mr. MORSE. It deals with the President's proposal to increase the foreign aid bill by \$89 million. The amendment I would offer merely provides that the \$89 million shall not be granted over and above the authorization of the foreign aid bill, but will have to be included within the foreign aid bill; and to do that we would transfer \$9 million of the present foreign aid bill to the technical cooperation development grants and \$80 million to supporting assistance.

In other words, if my amendment were adopted, the President would not get an additional \$89 million, but would get the \$89 million within the present authorization amount for expenditure in accordance with whatever blueprint plans he had for assistance in the Mekong Delta, Laos, Thailand, or any other place in southeast Asia.

Mr. GRUENING. I ask the Senator from Oregon whether he does not believe there are sufficient funds in the foreign aid program, as requested by the White House, to take care of the situation, without providing an additional \$89 million.

Mr. MORSE. Yes; that is why the amendment would be offered. It would not add \$89 million. It would hold the President to the ceiling of the present bill. Of course, I shall try to lower that ceiling.

Mr. GRUENING. Does the Senator from Oregon believe that if the amendment or some variation thereof were adopted, it would not be in effect an authorization or commitment to spend a billion dollars in further developments, and would be so taken?

Mr. MORSE. That will be developed in the debate. The President has been honest and frank with us and with the Senate and the whole country. He has made it clear that this is only the beginning. He made very clear that the \$89 million is a starter. If we can change our military status in southeast Asia, no Member of this body will be more strenuous than the senior Senator from Oregon in urging our effort to develop the economic freedom of southeast Asia, so that the people there can become politically free.

However, I am a little disturbed about the President's wish to spend \$89 million in a so-called crash economic program in this part of the world, while at the same time he is destroying many times \$89 million worth of property by our course of bombings in North Vietnam and South Vietnam.

This is not the first time that a foreign aid program has been sent to Congress, followed by a later request for more

money for Vietnam alone. That is getting to be a timeworn device for increasing foreign aid, because Congress is faced with a foreign aid program under which sums have been allocated to various countries, and we are solemnly assured that any reduction in them would be a breach of faith.

But the needs of a real hotspot like Vietnam are not included. Then we are asked to spend more just for Vietnam. That was done once in connection with military aid. This year it is being done to increase supporting assistance by \$80 million and technical aid by \$9 million. And we will all be assured that a "no" vote will cause a great collapse in confidence in us.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. In view of the likelihood that the program will be a \$1 billion program—a very extensive and major program—as a member of the Foreign Relations Committee, can the Senator tell me whether, there have been extensive hearings as to the feasibility, economic, engineering, and otherwise, which would justify the Congress in committing itself essentially to the proposed program without further investigation?

Mr. MORSE. There have been extensive hearings which would justify me in saying that the record has been made in hearing in support of the proposed \$89 million program. In all fairness I should say also that the Foreign Relations Committee has conducted voluminous hearings on the entire program of foreign aid. I believe the situation is pretty well understood by members of the Foreign Relations Committee.

Again, as the Senator knows, I am a stickler for making a specific record on a specific proposal to which we can turn and show that the amount of money that is being proposed for various items is being wisely proposed.

I shall make the following statement to the Senator because he can get the document. I cannot use it on the floor of the Senate because when it was handed to us in the committee this morning, it was made perfectly clear that it was to be used for confidential use within the committee.

This morning we had a memorandum that I understood to be one that indicated the items in the program for which it was contemplated the \$89 million would be spent. I do not wish to leave the impression that there has been any finality of judgment. I wish I had the memorandum before me so that I could refresh my memory as to its caption. There was not much discussion of it in the committee. I believe it was in the recommendation and illustrative stage. It was to indicate by illustration what the administration has in mind in the expenditure of the \$89 million.

Very interestingly, what little discussion there was included the raising of doubting questions immediately: "Why here? Why there? Why for this? Why for that?"

It was pointed out that our discussion this morning was not intended for the purpose of passing judgment on those questions.

But what occurred bears out what the Senator has said. We certainly ought to have hearings to determine whether or not we believe the President's program is a wise one in regard to the particular expenditure.

I am glad that the Senator has raised the question, for it shows the problem which is confronting us. We do not get requests for hearings in depth in regard to a program that the President wishes to put in operation. To the contrary, we are in a state in which the President makes a blanket request, and then we are supposed to act on it peremptorily. I believe that is the worst possible way to develop foreign policy. No matter how they wish to clothe it and no matter how they desire to deny it, the fact is that that is a rubberstamp approach to our job in the Senate. I believe we serve the interests of the public by not rubber-stamping the President.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. In the Senator's experience on the Foreign Relations Committee, have there been many—or, indeed, have there been any—specific requests for a specific project as distinguished from the general policy of asking for a lump sum of money, and then allowing the AID agency to use that money as it sees fit? Is that procedure not setting a substantial precedent which would seem to commit the Senate specifically to a program?

Mr. MORSE. In all fairness, I would have to say that there have been a good many instances in which we have been asked to pass upon specific projects in this sense. The workbooks that the Department of State and the AID people send up to us at the beginning of our hearings on the annual foreign aid bill and for discussion during our executive sessions on it contain detailed breakdowns of money as it has been spent in the past and as it is proposed to be spent projectwise in the future. Yet I would also have to say that we do not spend any considerable amount of time on those individual projects. They are sort of used as examples.

Mr. GRUENING. Illustrative.

Mr. MORSE. Illustrative material. One of my criticisms of the foreign aid bills of the past several years has been the delegation of decisionmaking power to the members of the AID organization and the State Department rather than to have the committee itself exercise a greater check on individual expenditures. I shall go into that subject at some length in a few days when we reach a discussion of my amendment which the committee has recommended, although it was changed somewhat, but I believe it still is a good amendment. That amendment would restore to some extent the checking power of the Congress upon the foreign aid program and bring the whole present program to an end in 1967 and start all over again. That is a pretty important check. I do not wish to go into that question today. I wish to try to limit myself to the present amendment. But these questions are pertinent. I believe I would have to say, in reply to the

Senator from Alaska, that what we have here is a repetition of the tendency of the present administration to ask for blanket approval, and the fewer questions asked, the greater pleasure will be the response.

Mr. GRUENING. Mr. President, will the Senator yield for another question?

Mr. MORSE. I yield.

Mr. GRUENING. Does not the Senator understand that in the President's Johns Hopkins address, when he was explaining the need for bombing North Vietnam, he was offering \$1 billion as a kind of carrot to accompany the stick, and therefore make the people of south-east Asia feel that there was another no less important aspect other than military to our policy, namely, to give them economic aid as well as to apply military pressure, which hitherto we have so much emphasized?

Mr. MORSE. I believe at the time the Senator from Alaska, as I recall, described it as a sort of bribe proposal—a statement in which I joined. I thought it was a little unfortunate for the President to offer them a great deal of money and at the same time try to defend bombing North Vietnam.

Mr. GRUENING. Has the Senator given sufficient attention to the program to know whether the program would convey any material benefits to North Vietnam? I ask that question because it seems to me that if that were the "carrot" going along with the "stick" of bombing designed to induce the North Vietnamese to cry "uncle" and to quit, an offer of economic aid which would largely benefit South Vietnam would not be very persuasive.

Mr. MORSE. Nothing would stop the President from spending any of the money in the proposed program in North Vietnam in the due course of time. I have heard no specific proposal to do so. It would be extremely difficult to interpret the President's speeches over the weekend in any other light than to say that they indicate that the President would not be adverse to spending money in North Vietnam if a negotiated settlement were reached.

But I shall tell the Senator what we can do. We can take judicial notice now that the American taxpayer will eventually rebuild all the devastation that we have caused in North Vietnam.

When we are through bombing China—and I believe we are on our way to bombing China in the not very distant future—we shall rebuild it all. But we shall be just plain goofy. What we ought to be doing is avoiding all that devastation, all that waste. What those people have developed has been developed at great sacrifice over the years. I do not know why we must destroy first and then pay for the rebuilding. If we get into a war with China and North Vietnam, we shall be engaged in it for a minimum of 25 years. We shall have perpetual war, not on a major scale after we have laid waste; but they will keep sniping at us. They will hate us for hundreds of years. Eventually, they will kick us out. The Senator from Alaska and I will not be here; but no matter how many centuries it takes, we shall be driven out. We shall never be able to

buy good will with American dollars. So I am at a loss to understand the goofy performance in which we are engaged.

Mr. GRUENING. We are not going to buy good will when we are bombing North Vietnam, when we are raining napalm and other bombs on North Vietnam. We cannot be considered ambassadors of good will at the same time we are bombing.

Mr. MORSE. One who listens to the President, the Secretary of Defense, and the Secretary of State would think we were killing no one in North Vietnam. I have tried for weeks to have the administration tell the American people the number of casualties we have caused in North Vietnam and in South Vietnam. The American people are entitled to know. If anyone says we can bomb munition centers, bridges, transportation centers, terminal centers, and railroad yards, and not kill human beings, he is misleading the American people. That needs to be said on the floor of the Senate. Of course we are killing North Vietnamese. We are killing thousands in South Vietnam. I hope it is true that we are not killing them in massive numbers. But this is a killing war. The Defense Department keeps and publishes all the figures of killings and casualties in the south committed by the Vietcong. But they tell nothing of the South Vietnamese civilians we are killing and maiming with our napalm and strafing and artillery.

A few minutes ago, the Senator from Alaska spoke about the shocking atrocities that are being committed by the South Vietnamese, by the North Vietnamese, and by the Vietcong. I am advised by reliable persons, who know what is taking place over there, that this war has made a scrap of paper of the Geneva treaty, which bears the signature of the United States, in respect to the treatment of war prisoners. The only argument I have heard is the weak one: "It really does not apply, because we have not declared war." Imagine that. I am not saying that U.S. forces are guilty of atrocities, but I am saying that American military personnel have stood by while atrocities have been committed by the South Vietnamese; and we have yet to file our first complaint in the United Nations against North Vietnam, South Vietnam, and the Vietcong for violations of the articles of war.

The period of this war will not be a proud chapter in their country's history, for future American boys and girls to read about. I know that war is dirty and brutal; but there are articles of war aimed at making it less dirty and less brutal.

It is not often that one sees published in the American press what appears in the foreign press, because the American people are being treated, by and large, to a "kept" press, so far as war news from South Vietnam is concerned. One of the reasons is that the Pentagon and the State Department will not let American correspondents send home the truth. But it can be obtained in many European newspapers. If the American people could only read what is written about us in the European press by European cor-

respondents, they would be much surprised. The European correspondents report the news some way, somehow. It is interesting to see, from a comparison of the photographs that appear in the American press with those that appear in the European press, what is taking place in southeast Asia.

Mr. GRUENING. Mr. President, will the Senator further yield?

Mr. MORSE. I yield.

Mr. GRUENING. From the Senator's knowledge of the state of the war in South Vietnam, does he believe that the construction of Mekong Delta dams and other facilities can occur while a war is raging and the Vietcong is, supposedly, holding a large section of that country?

Mr. MORSE. That is one of the great difficulties I have with this bit of propaganda that the administration is handing out.

I agree that we ought to be of economic assistance to the people of South Vietnam, as does the Senator from Alaska. I want to be of assistance to them. I wish to do something to improve their health. I want to do something to increase their longevity, which now is from 30 to 35 years. I want to do something to improve their education. I want to do something to overcome their lack of electricity. I want to provide electric power for them. But I do not see how there is any hope of doing that while the war is going on, because the proposal is to supply this aid in the very area that is controlled by the Vietcong. The Vietcong control about 75 percent of the land area of South Vietnam.

Apparently, a complex has been developed in this country that the dollar speaks; and that if we will only say to the ignorant, illiterate masses of South Vietnam, "If you will stop your fighting, we will give you a large sum of money and a large amount of economic assistance," they will stop their fighting. But we receive too many reports that they hate us, suspect us, do not believe us. They are suspicious that we are laying a trap for them.

I do not believe we can build such dams now. We shall have to cooperate in an economic program for the South Vietnamese; but we shall have to bring in many other people to help us. That is why we ought to be stressing efforts to obtain an honorable negotiated settlement which will come as nearly as possible to adopting Franklin Roosevelt's notion of an international trusteeship. For many years I have pleaded for the economic freedom of those people. Only then will they be able to develop their political freedom. That is my formula. People do not dispute my formula; they merely think it is too idealistic.

Mr. GRUENING. Mr. President, will the Senator yield for another question?

Mr. MORSE. I yield.

Mr. GRUENING. The Senator from Oregon well knows that whenever a major hydro development has been proposed in this country, such as TVA, Boulder Dam, Bonneville, or Grand Coulee, hearings have been held before the appropriate committees of Congress to consider the engineering feasibility. Has anything similar been proposed concerning the Mekong Delta program?

Mr. MORSE. The answer is "No."

Mr. GRUENING. How can the Senate justify giving a blank check for \$89 million? It will be a commitment. It is so considered. We will have embarked on it by making the first downpayment.

Mr. MORSE. It would be more than \$89 million, as the Senator pointed out. There would be a commitment for more money.

Mr. GRUENING. \$1 billion.

Mr. MORSE. I do not know how much it would be. However, it would be a huge sum of money.

I am opposed to starting the program now. I am for ending the war.

Mr. GRUENING. I share that view.

Mr. MORSE. The major problem that confronts us is getting the killing stopped.

Mr. GRUENING. I share that view emphatically. I suggest that the fighting be stopped before we start an economic reconstruction. As of now, both sides are in the constant process of destruction. However, it is proposed that we embark on a program which would involve the expenditure of more than \$1 billion while the destruction is continuing.

Mr. MORSE. Mr. President, so far as South Vietnam is concerned, we have no guarantee that any construction that we would initiate would continue to stand as long as the fighting continues.

I think it is proper for me to say this, although I should like to have counsel for the committee pay close heed. I shall not go very far. I do not propose to discuss the specific contents of the memorandum that was given to the Committee on Foreign Relations this morning. However, I believe that it is appropriate to say that it is not contemplated that the \$89 million would all be spent in South Vietnam. In fact, it is not contemplated that a very large share of the money would be spent in South Vietnam.

A large share of it, so far as tentative plans are concerned, would be spent in southeast Asia, but not in South Vietnam.

Counsel for the committee has pointed out to me that the President's message itself bears out what I have just said. The message spells out some of this recommendations. The part that I shall refer to is found on page 2.

This, in a substantial way, is a good substitute for my discussion of the memorandum that was handed to us this morning which contained the caveat that, in effect, it was not to be used outside the committee. I read from the Presidential message:

To support our own effort, I ask the Congress to authorize and appropriate for fiscal year 1966 an additional \$89 million for the Agency for International Development for expanded programs of economic and social development in southeast Asia.

This money will serve many purposes:

First. Approximately \$19 million will provide the first installment of our contribution to the accelerated development of the Mekong River Basin.

I read further from page 2 of the President's message:

Second. Five million dollars will be used to support electrification cooperatives near

three provincial towns—Long Xuyen, Dalat, and Nha Thang—in South Vietnam.

Reading further:

Third. Seven million dollars will help provide improved medical and surgical services, especially in the more remote areas of Vietnam, Laos, and Thailand.

This money would be spent outside South Vietnam.

I read further from the Presidential message:

Fourth. Approximately \$6 million will be used to train people for the construction of roads, dams, and other small-scale village projects in Thailand and Laos.

Reading further:

Fifth. Approximately \$45 million will be used to finance increasing imports of iron and steel, cement, chemicals and pesticides, drugs, trucks, and other essential goods necessary for a growing civilian economy. This money will allow factories not only to continue but through investment, to expand production of both capital and consumer goods. It will provide materials for urgently needed low-cost housing. And it will maintain production incentives and avoid inflation. It is not easy for a small country, with a low income, to fight a war on its own soil and at the same time persist in the business of nation building. The additional import support which I propose will help Vietnam to persevere in this difficult task.

Sixth. An additional \$7 million will supplement the present program of agricultural development and support additional government services in all three countries, and will help in the planning of further industrial expansion in the secure areas of Vietnam.

Mr. GRUENING. That would be South Vietnam.

Mr. MORSE. That would be South Vietnam.

Mr. GRUENING. There is no provision contained in the proposal for economic aid that would do anything that would induce the North Vietnamese to feel that they would be a part of the program and thus induce them to stop their fighting. Is that correct?

Mr. MORSE. It is not spelled out. However, the President has made it very clear in his public statements that if they stopped their fighting, he would give them some money.

Mr. GRUENING. Does the Senator believe that this is an argument that would be listened to by the people who are being bombed daily?

Mr. MORSE. It would make them very suspicious. I believe that it is too bad that we are supplying the Communists with the kind of propaganda they use. What propaganda is Red China putting out? What propaganda is North Vietnam putting out? I believe that they are very unfair. This is not the President's motivation. However, I do not know why he opens himself up to this kind of propaganda attack.

The Communists charge him with trying to buy an end to this war with American dollars. As they put it, "They will not fall for it."

Mr. GRUENING. I thank the Senator.

Mr. MORSE. I thank the Senator from Alaska for his contribution.

Mr. President, on the basis of the parliamentary rulings that I have received, I now offer my corrected amendment,

and ask that it be read and made the pending business of the Senate.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 11, line 14, insert the following:

At the end of section 504(a) add the following:

"Of the funds made available for the fiscal year 1966 pursuant to this section, \$9,000,000 shall be transferred to and consolidated with funds otherwise made available pursuant to section 212, which relates to authorization for technical cooperation and development grants, and \$80,000,000 shall be transferred to and consolidated with funds otherwise made available pursuant to section 402, which relates to authorization for supporting assistance. The funds so transferred shall remain available until expended solely for use in southeast Asia in accordance with the provisions of section 212 and section 402 respectively. Amounts transferred pursuant to this subsection shall not be taken into account in determining amounts authorized to be transferred pursuant to section 610."

Mr. MORSE. Mr. President, I have about finished my discussion of the amendment. I shall have no objection to voting on the amendment if the Senate remains in session tonight. However, that is entirely up to the opponents of the amendment and to the leadership of the Senate.

I believed that we owed the President the courtesy, out of respect to him, of starting with this amendment, because this is what the country is talking about at the present time. This is the latest request that the President has made of Congress.

The Committee on Foreign Relations took action on the matter this morning—unfortunate action in my judgment. However, I shall not speak at any greater length on this amendment.

I say to the majority leader that I made an open, general statement in opposition to the bill. I prefer, after we dispose of the amendment, to make one more general statement in opposition to the bill, based upon my minority views. Then, I intend to proceed with offering amendments which I shall discuss briefly, and then proceed with the business of disposing of the bill. I shall not enter into an agreement on this amendment, because, as the Senator from Montana knows, if we cannot vote on this amendment tonight, I prefer not to have a vote on it before Wednesday. I might even give some consideration—after the case pro and the case con are made—to withdrawing the amendment temporarily; but I have no objection to having the Senate vote on this amendment tonight.

I shall summarize the amendment as follows: It would give the President, out of military aid funds, the \$89 million, earmarked for southeast Asia; the amendment would not give him an additional \$89 million for the foreign aid bill. The bill already includes millions of dollars more than should be in it. The President can transfer funds in the way this amendment proposes, so that he can spend \$89 million for the specific purpose he wants to spend it for; namely, for economic assistance in

southeast Asia. However, I do not believe there is any justification for the President's using the Vietnam war as the vehicle for having the bill include an additional \$89 million.

At this stage, I believe that the transfer procedure provided by my amendment is preferable. It shows our good faith insofar as the President is concerned. It gives him an opportunity to see what he can do with the economic approach.

However, the Senator from Alaska has said that we have not had hearings on it or have not had an opportunity to see whether it is feasible to spend any of it in the midst of a war in South Vietnam, in respect to seeing what can be accomplished with it.

But I shall offer this amendment first. I make perfectly clear that my offering of the amendment does not mean I do not think the bill should be cut. Later, I shall offer my major amendment to cut the entire bill by \$500 million. There is nothing inconsistent between this amendment and my announced plan to offer an amendment to cut the bill by \$500 million.

However, for the time being, I yield the floor.

Mr. MANSFIELD. Mr. President, what did the Senator from Oregon have in mind with respect to a vote on his amendment?

Mr. MORSE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. There should be a quorum call. The majority leader should then announce to the Senate that the amendment is pending and that I have made my case in chief on it.

The only comments I shall make now will be in reply to the remarks of any Senators who may oppose my amendment; and then I shall be ready to have the vote taken.

Mr. MANSFIELD. I ask the question because I have been requested by the chairman of the committee, the distinguished Senator from Arkansas [Mr. FULBRIGHT], to offer an amendment as a substitute for the amendment proposed by the Senator from Oregon. The reason why the Senator from Arkansas is not in the Chamber at this time, so as to be able to offer, himself, this amendment is that the Senator from Arkansas is temporarily detained in Dr. Calver's office.

Would the same forecast of a vote by the Senator from Oregon be applicable to the substitute being offered?

Mr. MORSE. I would not "buy that pig in a poke" until I hear what the substitute is.

Mr. MANSFIELD. The substitute is the committee action, which, in effect is based on the special message, and would add an additional \$89 million, as requested by the President.

Mr. MORSE. Then I shall oppose that amendment; but I shall not speak at any great length against it.

Mr. MANSFIELD. I understand that; and I appreciate the suggestion made. I was wondering whether, on the basis of his original suggestion, it would be possible, after allowing a certain

length of time for explanation, to take the vote this evening.

Mr. MORSE. I hope so, for I favor getting on with our work.

Mr. MANSFIELD. Would the Senator suggest how much time he thinks he would require before reaching the ye-and-nay vote.

Mr. MORSE. I would favor letting Senators discuss the amendment, and then vote.

Mr. MANSFIELD. Very well.

Mr. President, on behalf of the Senator from Arkansas [Mr. FULBRIGHT], I offer to the amendment of the Senator from Oregon a substitute amendment.

The PRESIDING OFFICER. The amendment to the amendment of the Senator from Oregon will be read.

The LEGISLATIVE CLERK. It is proposed to strike out, on page 4, lines 15 through 17, and to insert in lieu thereof the following:

(2) Strike out "\$215,000,000 which", and substitute "\$219,000,000 for use beginning in the fiscal year 1966 and \$210,000,000 for use beginning in the fiscal year 1967, which sums".

On page 10, strike out lines 14 through 19, and insert in lieu thereof the following:

(a) In the first sentence, strike out "for use beginning in the fiscal year 1965".

(b) In the first sentence, strike out "\$405,000,000 which" and substitute "430,000,000 for use beginning in the fiscal year 1966 and \$350,000,000 for use beginning in the fiscal year 1967 which sums".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement made by Hon. Dean Rusk, the Secretary of State, before the Foreign Relations Committee, on June 3, 1965.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HONORABLE DEAN RUSK, SECRETARY OF STATE, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE, JUNE 3, 1965

Mr. Chairman, we appreciate this committee's prompt consideration of the President's request for increased economic assistance funds for southeast Asia. I regret that it was not possible to quantify these additional fiscal year 1968 requirements during the committee's regular consideration of the Foreign Assistance Act.

The President, in his message to the Congress on Tuesday, put the purpose of our presence in Vietnam succinctly when he said:

"We are defending the right of the people of South Vietnam to decide their own destiny. Where this right is attacked by force, we have no alternative but to reply with strength. But military action is not a final solution in this area; it is only a partial means to a much larger goal. Freedom and progress will be possible in Vietnam only as the people are assured that history is on their side—that it will give them a chance to make a living in peace, to educate their children, to escape the ravages of disease and, above all, to be free of the oppressors who for so long have fed on their labors."

"Our effort on behalf of the people of southeast Asia should unite, not divide, the people of that region. Our policy is not to spread conflict but to heal conflict."

The President's current request is for funds required to serve this purpose, at this juncture, in South Vietnam, Laos, and Thailand.

In the President's statement on Vietnam on March 25, and again in his historic address at Johns Hopkins University, on April 7, the President invited Asia to respond to his offer of a U.S. role in meeting the basic human needs of the peoples of southeast Asia. The Secretary General of the United Nations and his colleagues in New York, Bangkok, and elsewhere have taken up his invitation to explore institutional and program possibilities. We are gratified that the Asian governments, and notably the Government of Japan, have commenced the study of means to improve the welfare of the peoples of southeast Asia. The greatest contribution to this goal would be, of course, to end violence and to relieve peoples of the burdens they bear today for support of military organizations and operations. But we cannot await tranquillity in the area to begin needed expanded processes of social and economic development. And so we must begin and chart a course which permits those whose ideas and political systems may differ amongst themselves all to participate either as beneficiaries or as donors. Happily the Economic Commission for Asia and the Far East is an institution which benefits from the leadership of the United Nations Secretariat in New York and is currently led by a dedicated group of international servants. To it already belong most of the countries of Asia and the Far East, and adherence of others should not present great difficulties.

We would like to hold open the possibility that a peaceful North Vietnam might share in the benefits that would come from peace itself and also from participation in such multilateral institutions and programs as appear to meet the common need for economic and social development.

The magnificent successes of the Marshall plan in Europe grew from a simple unelaborated idea which took account of political, economic, and security realities. The Marshall plan was not imposed upon Europe. We do not intend to impose a U.S. plan on Asia. However, the President has given us the concept. Both within the Government of the United States and within governments and multilateral institutions elsewhere plans and possibilities are being explored for fulfilling a noble goal.

The President has requested an increase of \$80 million in the authorization for supporting assistance and \$9 million for technical cooperation, all for expanded programs of economic assistance in southeast Asia. Two basic and urgent purposes would be served:

1. These funds would permit the first concrete action in carrying out the President's April 7 proposal to launch an intensified, international campaign to stimulate southeast Asian economic and social progress and promote closer regional economic cooperation. This request and the congressional response to it should, we believe, demonstrate to other prosperous nations and the southeast Asian countries that we are ready to do our part if they do theirs. As Asian institutions and plans are developed, we will prepare for submission to Congress next January, a more complete presentation of requirements for this special effort. When the necessary steps have been taken with respect to the projected Asian Development Bank, we plan to ask for funds to make a U.S. contribution through appropriate legislative channels.

2. These funds also would enable South Vietnam to undertake expansion of industrial production and investment, increased low-cost housing construction, transportation and other public works improvements while carrying out an expanded defense effort.

The expanded development program from southeast Asia will require larger contributions through multilateral arrangements, both existing and newly established, as well

as increased bilateral assistance. The former will include funds fully administered by international bodies—such as the expected U.N.-sponsored consortium for the Nam Ngum Dam in Laos and the proposed Asian Development Bank—as well as funds for projects planned and coordinated by regional agencies but implemented as national projects. Excluded from what we describe as the expanded development effort are our police assistance programs and the large commodity import programs required to sustain the military efforts of weak economies.

In this message to the Congress submitting the foreign assistance proposals last January, the President pointed out that the minimum budget proposed did not allow for major increases which might be required during the year. "If they should arise, he said, 'I shall not hesitate to inform the Congress and request additional funds.' Anticipating increases in South Vietnam's requirements for economic or military assistance, he asked for a special standby authorization for additional appropriations for our assistance to Vietnam only.

The House of Representatives decided to broaden the proposed standby authorization to cover all southeast Asia. This committee preferred to reserve any further authorization pending specific requests and hearings.

In the past 2 weeks, the size of the additional bilateral U.S. economic aid requirements in Vietnam, Thailand, and Laos has become clearer.

At the same time, it has become evident that our broader purpose of stimulating regional economic cooperation requires prompt action on available multinational projects, without waiting for a complete set of regional institutions to emerge. We propose, therefore, to commit approximately \$19 million to Mekong Basin projects early in fiscal year 1966 if feasibility reviews now under way prove favorable and other conditions are met.

The Mekong water resource projects include:

The Nam Ngum Dam in Laos, serving both Laos and northern Thailand: \$13.5 million. The first stage of this 20,000 kilowatt power project on a Mekong tributary is estimated to cost about \$27 million. The Mekong Committee has asked the World Bank to manage construction, using funds granted by the United States and other advanced countries. Subject to a finding of economic and financial feasibility, we propose to commit the United States to a grant of half of the total cost, provided other countries contribute the balance in grant funds.

A power transmission line linking Vientiane, Laos, and Nongkhal, Thailand, across the Mekong River. Ancillary to this would be an expansion of distribution lines in the Vientiane area. Cost estimate: \$500,000.

Phase II engineering studies of the proposed Pa Mong Dam, a very large Mekong main stream project between Laos and Northeast Thailand: \$4.5 million in fiscal year 1966 technical cooperation funds. Continuation of a long-term study by the U.S. Bureau of Reclamation of this major project of the basin development scheme was dropped from the initial fiscal year 1966 AID presentation because of uncertainty as to the findings of the first phase study on irrigation demand. We are now informed that the Bureau of Reclamation team will recommend going ahead with the engineering reconnaissance, including aerial mapping, site testing, and canal alignment.

Feasibility studies of irrigation dam projects on the Mun and Chi Rivers in northeast Thailand. Acceleration of this work, also by the Bureau of Reclamation, will require an increase of at least \$500,000 in technical cooperation funds above previous estimates.

Nothing is more fundamental to progress in southeast Asia than improved health serv-

ices. The severe shortage of doctors and other health services in the rural areas of Vietnam, Laos, and Thailand has long been a major concern of their Governments, and of AID. We propose to intensify our assistance by: Providing additional medical and surgical teams, both military and civilian, to serve sick and injured civilians in provincial and other rural towns of South Vietnam; broadening our assistance to rural public health programs in Thailand, particularly in provision of equipment to provincial hospitals, health centers, and drug distribution agents; and rehabilitating or better equipping rural dispensaries in Laos, supplementing our present extensive health and sanitation program which now provides pharmaceuticals and more than 100 Philippine doctors and nurses who train Lao medics and care for the sick throughout the country.

These additional efforts will require additional supporting assistance, largely in Vietnam, and additional technical cooperation funds, largely in Thailand.

The third field of expanded assistance to the people of southeast Asia is the training and equipping of local engineering and public works agencies for rural development work—simple roads, water wells, irrigation ponds, schools, etc.

We propose expansion of previously planned projects of this sort in northeast Thailand and, for the first time, in the southernmost provinces of Thailand. In Laos, we propose to expand the existing program of training and equipping the highway department staff by applying an on-the-job training approach to the rehabilitation of the road from Vientiane to Luang Prabang.

Rural electrification cooperatives have played an important role in the development of the United States and other countries. In cooperation with the U.S. National Rural Electric Cooperative Association, we propose to help the people of three selected areas of South Vietnam establish electric coops. We hope these pilot projects will become models for bringing light and power for the homes and small industries of southeast Asia within reach of their incomes. This represents \$5.5 million of the supporting assistance increase requested.

Expanded technical assistance to Lao agricultural development, particularly agricultural credit and marketing, and the introduction on a wider scale of improved livestock and seeds are proposed.

Industrial expansion in Vietnam, both now and immediately after the cessation of hostilities, will be essential to the country's rehabilitation and progress toward self-support. Without waiting for peace, we propose to contract with potential private American investors and other expert groups to conduct feasibility studies looking to the establishment of new plants, in such lines of production as fertilizer, cement and kraft paper. Related public works, particularly port development, also will require additional funds for feasibility studies.

The largest element of the supplemental request is for \$45 million in additional supporting assistance to finance Vietnam's commercial imports. In testimony before the congressional committees this spring, we have pointed to the necessity of using a then undetermined amount of the proposed standby authorization for this purpose. In the past 2 weeks, we have been able to refine somewhat our calculations of the impact of increased defense and police budgets and expanded public works and investment programs on the demand for imported goods. We now estimate that in addition to the commodity import support previously programmed for basic support of the economy, about \$45 million will be required to maintain economic growth and avoid destructive inflation.

This increased dependence on our aid results partly from Vietcong interdiction of

rice shipments, rail and road sabotage and terrorism—all combining to prevent any rice export earnings in 1965.

In the eight northern coastal provinces of Vietnam alone, some 215,000 refugees have fled their homes because of Vietcong terror, 9,000 in just the past week. This mass movement of people requires more construction materials, medicines, and food, not to mention the other economic and social consequences of such mass uprootings.

In addition to these war-connected requirements, there is a growing need for investment in urban and rural areas as a demonstration of the government's determination to emerge from this conflict a viable country, dedicated to the long-run task of nation building.

At the same time, further expansion of the Vietnamese armed forces and police and of security forces construction has expanded the demand for goods in the marketplace.

To meet these requirements for basic economic support, we proposed last January in the fiscal 1966 budget now before the Congress, supporting assistance plus such additional amounts later found to be required to support a higher but then undetermined level of Vietnamese military and civil operations. After taking into account currently available estimates of Vietnamese foreign exchange requirements and earnings, including receipts from U.S. military forces in Vietnam, we now see a probable shortfall of \$40 to \$50 million. This request would cover a midpoint in that range of estimates. These funds would finance imports of a variety of goods such as construction materials, pharmaceuticals, fertilizers, pesticides, tires and tubes, and trucks.

We hope, Mr. Chairman, that these programs will meet the approval of the committee and that you will add the request to the pending authorization bill.

Mr. MANSFIELD. Mr. President, an explanation has been made by the distinguished Senator from Oregon [Mr. MORSE] of the proposed additional \$89 million. The Senator from Oregon made that explanation in explaining his position on the Presidential request. I do not feel that I should go into greater detail than he has gone, because he has covered the situation succinctly and to the point, and the issue is clear.

The PRESIDING OFFICER. The question is on agreeing to the substitute amendment offered to the amendment of the Senator from Oregon.

Mr. MORSE. Mr. President, on this question, I wish to have the yeas and nays ordered.

The issue is clearly drawn. My amendment would authorize the President to spend the \$89 million out of the military aid authorization of the bill he sent here, which the committee voted to place before the Senate. The substitute amendment would add another \$89 million to the President's foreign aid program. The President uses the Vietnam issue—which has a great emotional appeal—as the springboard for firing that missile. However, he does not need it; he does not need to have Congress add \$89 million to the bill. It is one thing to authorize him to spend it for this purpose—which I am glad to vote to do; but it is quite another thing for Congress to say to him, "You can have \$89 million more," when we know we have ahead of us a long debate in connection with the elimination of the unconscionable amounts of waste embedded in the President's \$3,380 million proposal.

So all the chairman of the committee has done is to propose that Congress say, "Mr. President, we will give you \$89 million more." I am opposed to that. I suggest that the sensible thing for us to do at this stage is to say to the President, "If you want to spend for this purpose \$89 million of the amount of money you have asked for in the bill, which the Foreign Relations Committee recommends authorizing you to do, we are not going to oppose your spending it for that purpose; but in order to do it, you will have to transfer \$89 million from military funds into your technical assistance and supporting assistance program."

That is the issue.

If the majority leader does not object, I suggest the absence of a quorum, in order to obtain a yea and nay vote.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I withdraw the proposed amendment to the Morse amendment. I am advised that it is not in order as a substitute for the Morse amendment.

The PRESIDING OFFICER. The amendment will be withdrawn.

S. 2089—DISASTER RELIEF FOR CALIFORNIA, OREGON, WASHINGTON, NEVADA, AND IDAHO

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of S. 2089, which has just been reported by the Committee on Public Works.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2089), to provide assistance to the States of California, Oregon, Washington, Nevada, and Idaho, for the reconstruction of areas damaged by recent floods and high waters.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection the Senate proceeded to consider the bill.

The bill is open to amendment. If there be no amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 2089

An Act to provide assistance to the States of California, Oregon, Washington, Nevada, and Idaho for the reconstruction of areas damaged by recent floods and high waters

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress hereby recognizes (1) that the States of California, Oregon, Washington, Nevada, and Idaho have experienced extensive prop-

erty loss and damage as the result of floods and high waters during December 1964, and January and February 1965, (2) that much of the affected area is federally owned and administered, and (3) that the livelihood of the people in the area is dependent on prompt restoration of transportation facilities and, therefore, Congress declares the need for special measures designed to aid and accelerate those States in their efforts to provide for the reconstruction of devastated areas.

SEC. 2. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, in addition to the amounts authorized in section 125 of title 23 of the United States Code, not to exceed \$50,000,000 for the fiscal year ending June 30, 1965, and not to exceed \$20,000,000 for the fiscal year ending June 30, 1966. Such sums shall be obligated and expended by the Secretary of Commerce in accordance with such section 125, and related provisions of title 23 of the United States Code for the repair and reconstruction of highways, roads, and trails, damaged as the result of a disaster.

SEC. 3. (a) Notwithstanding provisions of existing contracts, the Secretary of the Interior and the Secretary of Agriculture, separately, and as part of the regular road and trail construction program, shall reimburse timber sale contractors or otherwise arrange to bear road and trail construction and restoration costs either directly or in cooperation with timber purchasers to the extent of costs determined by the respective Secretary as incurred or to be incurred for restoring roads in any stage of construction authorized by a contract for the purchase of timber from lands under his jurisdiction to substantially the same condition as existed prior to the damage resulting from the floods of December 1964, and January and February of 1965 in California, Oregon, Washington, Nevada, and Idaho, and to the extent costs determined by the respective Secretary as incurred or to be incurred for completing road construction not performed under any such contract prior to the floods but which, because of changed conditions resulting from the floods, exceed road construction costs as originally determined by the respective Secretary. The costs for such road restoration, reconstruction, and construction under any single timber purchase contract on roads not accepted prior to the floods, whether construction was complete, partial, or not yet begun, shall be borne as follows: 15 per centum of all amounts shall be borne by the timber purchaser, except that such purchaser shall not be required to bear costs of more than \$4,500, and the Secretary shall bear the remaining portion of such costs. This subsection shall not apply (1) in the case of any road restoration or reconstruction if the cost of such restoration or reconstruction is less than \$500, and (2) in the case of any road construction if the increase in the cost of such construction as the result of the floods is less than \$500 more than the construction costs as originally determined by the respective Secretary.

(b) Where the Secretary determines that damages are so great that restoration, reconstruction, or construction is not practical under the cost-sharing arrangement authorized by subsection (a) of this section, the Secretary may allow cancellation of the contract notwithstanding provisions therein.

(c) Paragraph (3) of section 2 of the Federal-Aid Highway Act of 1964 is amended to read as follows:

"(3) For forest development roads and trails, \$123,000,000 for the fiscal year ending June 30, 1966, of which not to exceed \$38,000,000 shall be used solely for the construction, repair, and reconstruction of forest development roads and trails in the States of California, Oregon, Washington, Nevada, and Idaho, necessary because of the floods and high waters in such States during December

1964, and January and February 1965, and \$85,000,000 for the fiscal year ending June 30, 1967."

(d) The Secretary of Agriculture is authorized to reduce to seven days the minimum period of advance public notice required by the first section of the Act of June 4, 1897 (16 U.S.C. 476), in connection with the sale of timber from national forests, whenever the Secretary determines that the sale of such timber will assist in the reconstruction of any area of California, Oregon, Washington, Nevada, and Idaho damaged by floods or high waters during December 1964, and January and February 1965.

SEC. 4. The Secretary of the Interior is authorized to give any public land entryman such additional time in which to comply with any requirement of law in connection with any public land entry for lands in California, Oregon, Washington, Nevada, and Idaho, as the Secretary finds appropriate because of interference with the entryman's ability to comply with such requirement resulting from floods and high waters during December 1964, and January and February 1965.

SEC. 5. (a) The President, acting through the Office of Emergency Planning, shall make a survey to determine what protective works would be necessary to prevent the recurrence of damage by floods or high waters to those banks of the Eel River, California, which are adjacent to the trackage of any common carrier by railroad and shall report to Congress the results of such survey together with the cost of any recommended work within sixty days after the date of enactment of this Act. The President, acting through the Office of Emergency Planning, is authorized to perform all or any part of the recommended work determined to be in the public interest and to reimburse any common carrier for any of such recommended work performed by such carrier. The Corps of Engineers of the United States Army shall be used to make the survey authorized by this section, shall recommend necessary work that has been determined by the President acting through the Office of Emergency Planning to be in the public interest, and shall be used to supervise any work authorized to be performed under this section.

(b) There is authorized to be appropriated not to exceed \$3,875,000 to carry out this section.

SEC. 6. Loans made pursuant to paragraph (1) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)) for the purpose of replacing, reconstructing, or repairing dwellings in California, Oregon, Washington, Nevada, and Idaho, damaged or destroyed by the floods and high waters of December 1964, and January and February 1965, may have a maturity of up to thirty years, except that section 7(c) of such Act shall not apply to such loans.

SEC. 7. This Act, other than section 5 and the amendment made by section 3(c), shall not be in effect after June 30, 1966, except with respect to payment of expenditures for obligations and commitments entered into under this Act on or before such date.

SEC. 8. This Act may be cited as the "Pacific Northwest Disaster Relief Act of 1965."

Mr. COOPER. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MORSE. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, let me say in behalf of all the cosponsors of the bill which I introduced, and on be-

half of the people of our States, that we appreciate very much the dispatch with which the Senate, the committee, and the leadership has moved this afternoon.

Also, the committee staffs, majority and minority, deserve the heartfelt thanks of all the people of the States involved. I am sure I am at liberty to express my appreciation—and I do. I am delighted that the Senate has taken this course of action.

Mr. COOPER. Mr. President, I know that all of us were saddened and shocked by the tragic floods which ravaged the Pacific coast in California, Oregon, Washington, and Idaho. When the Senator from Oregon sponsored the bill, together with his colleague [Mrs. NEUBERGER], and all the other Senators interested in speedily rehabilitating their States, the bill was quickly brought before the Committee on Public Works, under the leadership of the Senator from Michigan [Mr. McNAMARA].

As usual, the Senator from Oregon brought before the committee precise information regarding the consequences of the floods which he proposed to remedy, information which was adequate yet reasonable, and enabled the entire committee to support the recommendations.

Senators on both sides of the aisle were happy to do what they could to assist the States whose people had suffered such terrible damage.

I am glad to have been able to work with the chairman, the Senator from Michigan [Mr. McNAMARA]; and I hope that this measure will be of assistance to all the States concerned.

Mr. MORSE. I thank the Senator from Kentucky, the Senator from Michigan, and all others who worked so hard for quick passage of the bill.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill S. 1837 to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the Morse amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I suggest the absence of a quorum, in order to bring Senators into the Chamber, and then I shall be ready to vote.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE]. The clerk will call the roll.

Mr. DIRKSEN. Mr. President, I should like to ask the Senator—

Mr. MORSE. Mr. President, I was about to help the minority leader by telling him what my amendment would do. The amendment would authorize the President to spend \$89 million for the economic program which he sets out in his message to Congress. The amendment would not add \$89 million to the \$3,380 million that he has recommended be authorized. It would not allow him to increase his aid program. We say to him, "You may spend the money for this purpose, but you must transfer funds for that purpose from military aid to the extent of \$89 million."

The thesis of my argument is that there is no question that he can take the \$89 million without in any way jeopardizing the aid program, by saving in many other places and spending it for this purpose. The program is already far larger than it ought to be. I would authorize the program, but I would not give the President more money.

Mr. DIRKSEN. Mr. President, the President of the United States has made an earnest request for an extra \$89 million, as did the Secretary of State when he appeared before the Foreign Relations Committee. That money is to be devoted to a variety of economic and social purposes, including the addition of health teams, particularly in Vietnam, but I would assume also in Laos and Thailand.

When I was in Vietnam the first time, Dienbienphu had not fallen. The French were making preparations to withdraw.

When I went back to Vietnam the second time, I found what a problem confronted this small, unsophisticated country in trying to reorient its economy. We sent people from the Federal Reserve Bank of New York to reconstitute their monetary system. We sent doctors and economic experts to keep the economy afloat. We siphoned many thousands of young men out of Vietnam and put them into training courses under the leadership of "Iron Mike" O'Daniel, to whip the Vietnamese Army of 125,000 into shape.

During that second visit I saw the French merchants withdraw from Saigon and elsewhere and leave the economy on its uppers.

How much worse it must be, in view of the decimation that is taking place at the present time in Vietnam.

The newspapers in this country do not disclose the casualty lists of the Vietnamese Army. If I had to make a guess, I would say at least 30,000 and perhaps more have been killed in battle.

That is really something to withdraw from the economic bloodstream of the country, which is teetering between solvency and bankruptcy.

As I think of the decimation of the industries and farms and places of work, I can readily imagine the situation out there at present to be infinitely worse than when the French finally withdrew.

All this will require some transfusion. What is the use of saving a shell, if it is not a vital, going economy, and if it is on its uppers?

The President makes a request for \$89 million for that purpose. Among other

things, he is including the question of health. What a tremendous incidence of elephantiasis and other tropical diseases must be there, particularly among the civilian population. When we equate \$89 million against the fact that we are spending between one and a half million dollars and \$2 million a day now, and when, according to last reports, we have 61,000 advisers in Vietnam, it would seem to me that it is cheese paring to deny the \$89 million by consolidating it within the total of the foreign aid bill.

I am as anxious as anyone to save on foreign aid. I shall go quite a long way, but I believe that our friend from Oregon picked out the wrong area in which to effectuate an economy. I shall not do it at the expense of a poor beleaguered people where the guns are shattering the instrumentalities of existence and where planes and helicopters are bombing the country and making it increasingly difficult to carry on what little industry they have and what little service industry they have. So the amendment would appear to me to be terribly shortsighted, and I therefore earnestly hope that the amendment will not prevail. That is all I have to say.

Mr. AIKEN. Mr. President, I have been confronted with something of a problem on the proposal. Our minority leader has stated that in recent months we have been successful in killing 30,000 Vietcong. I do not know who has counted them. I do not know how successfully the Vietcong have been in killing Vietnamese. I do not know that anyone has counted them either. I do know that had the President made his proposal 6 months ago, it would probably have been an effective suggestion. I do not know how many people we have killed in North Vietnam in the past 3 or 4 months. I do not know that we shall ever know. It seems that we have started on a course that can lead to all-out nuclear war; and if that is anything to be proud of, let those who feel that way make the most of it.

So far as concerns the request for \$89 million, that is the initial request for a program which it is estimated will cost something like \$1 billion. That would be a very small percentage of the cost of all-out war in dollars, even if we did not consider the cost of life at all—and I do not know how much that would be.

About a month ago, when the President requested the restoration of \$115 million to the foreign aid bill, I made the motion in the Foreign Relations Committee that the President be authorized to spend \$115 million for either peace or war. This would have given him some bargaining power if negotiation could be arranged.

My suggestion was rejected by the administration, which wanted the money for war and defeated in committee. No mention was made of peace.

Mr. President, I am not now in a mood to be very obliging when the administration asks for \$89 million which it does not need at the present time. The administration does not need it now any more than it will need the money on the 1st of July. It can get it on the 1st of July. What it now desires is to prop-

agandize the world into believing that the Congress is unanimously behind any move which the administration chooses to make. For that reason I am voting for the amendment and against the substitute.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. COTTON. Mr. President, my objection to the request for \$89 million is not similar to the objection of the distinguished Senator from Vermont. Involved as we are in Vietnam, having advanced to the place to which we have now advanced, if the President of the United States should request the Congress for money necessary to pursue the course which in his opinion we should pursue in this emergency, I would vote for the amount requested—if it came separate from the foreign aid bill, pinpointed for southeast Asia. But the thing which I resent—is that the appropriation is tied to the foreign aid bill. This which is entirely consistent with certain strategies I have observed, in connection with other administration measures. It is designed to write into the foreign aid bundle an appropriation that has all the appeal of standing behind the President and our boys in Vietnam. This proponent is tied to the foreign aid bill, so that when we come to the final vote on foreign aid, every Senator who votes against the entire bundle can be labeled with the charge that he did not vote for an appropriation needed by our President and our troops who are desperately fighting in Vietnam.

If the administration requires money for the emergency—and, unlike the Senator from Vermont, I am not questioning the need of standing by the President on the proposal—I wish the request would come separately, because I cannot resist the suspicion that the proposal is buried in the bill as a whip to make us vote for the whole package.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. COTTON. I am glad to yield.

Mr. AIKEN. The Senator from Vermont is not questioning in any sense of the word the need for standing by the President if the security of the United States is really threatened and we become engaged in an all-out war—and we are close to it now. But I agree with the Senator from New Hampshire that we should not conduct a war under the guise of the foreign aid program.

Mr. COTTON. I thank the Senator. If I misinterpreted his statement, I apologize. I now clearly understand what he meant, and I agree with him 100 percent. This is an emergency in which, in my opinion, we must support the President, and we must support the war effort. But to put the proposal in the present bill, instead of calling for separate legislation, is to me a very transparent effort to put us in a position in which we must swallow the whole package or else we shall be charged with doing something to endanger the safety of this country, and are failing to show the world that the Congress of the United States is behind the President in this time of need.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. COTTON. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. First, I agree with the Senator from New Hampshire that Congress has the responsibility for providing the necessary funds to wage war in Vietnam, and as one Member of the Senate, I shall vote whatever is necessary without any strings attached. I agree with the Senator that as long as we have men dying on the battlefield, we must provide the funds, for the arms, and whatever is needed without any limitation.

However this proposal for the expenditure of an extra \$89 million has nothing whatever to do with the war effort. \$5 million of that amount authorizes the start of the development of the Mekong River Basin project, which eventually would cost us \$1 billion, as yet this project has never been approved by the Congress. If we now approve this \$5 million, it will be thought that Congress is committed to go through with this billion dollar project.

It is proposed that \$19 million of the amount would be spent for electrical co-operatives in South Vietnam; medical services, \$7 million; training and small scale village projects in Laos and Thailand, \$6 million; commodity imports, \$45 million; agricultural development and industrial expansion, \$7 million—a total of \$89 million. Not a dime in the proposal would involve the war effort. Furthermore adequate authority and funds are already in the bill if the President deems their expenditures necessary.

The other day the administration wanted \$700 million; for the war effort in Vietnam. We voted that money to provide the necessary equipment for our Armed Forces in Vietnam.

I would vote for it again tomorrow if such action is needed. However, I think it most unwise to include \$89 million which is not a part of the war effort and with no more study than has been given to this proposal. The impression would go out through all this area that Congress is committing itself to these multi-billion dollar projects, although we never considered their feasibility.

Mr. COTTON. I thank the distinguished Senator from Delaware. I have practically finished all I desired to say. The distinguished Senator from Delaware is, as usual, accurate and thorough in his analysis. Whether the \$89 million is designed for the actual conduct of the defense of South Vietnam or is to be used for internal developments of the country, when we pick up the newspapers after the vote, on foreign aid, and when we listen to the orators in the next campaign—I am not running in the next campaign, so I feel free to say this—when we listen to the administration orators—the people will be told that when this country was desperately fighting to maintain American prestige abroad, and when our boys were fighting over there, Senators who voted against this foreign aid package refused to back the President. That is why I resent this special authorization being tucked into this bill.

I want to make it clear that I would respond to a request from the President to support the Vietnam struggle but if it is embedded in the foreign aid bill I shall use my own judgment on the whole bill and not be clubbed into voting for it because of this one item.

Mr. MORSE. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. I yield.

Mr. MORSE. I understand that that will probably be so; but when it is said, it probably will not have that effect among thousands of people, because the people will not be that easily fooled.

Mr. COTTON. Having reviewed the past few elections, I am not so confident that the people cannot be fooled.

Mr. McGOVERN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. McGOVERN. I should like to direct a question to the Senator from Oregon. Would it be possible under the terms of the Senator's amendment for the President or whoever takes charge of the program to take \$89 million out of existing military funds and use that amount to finance the economic and technical program which the President has recommended for southeast Asia?

Mr. MORSE. That is what the amendment provides.

Mr. McGOVERN. The Senator from Vermont [Mr. AIKEN] exactly expressed my reaction to the pending proposal.

Mr. MORSE. Mine, too.

Mr. McGOVERN. I was much disturbed by some of the news reports that were published over the weekend about what has happened in the South Vietnam crisis. From all indications we have left the role of adviser. We are no longer even maintaining any pretense of being advisers; we are now committing our own forces in actual combat.

Mr. MORSE. We are running the war.

Mr. McGOVERN. So far as I know, we have not declared war. Nevertheless, American military forces are involved in the actual fighting. One of the tragic byproducts is that we are killing not only Vietcong fighters; we are killing many innocent people, as well.

An article entitled "Drive by Vietcong Wiping Out Gains of Saigon Troops," written by Jack Langguth, appeared on the front page of the New York Times yesterday. It reports on one of our bombing raids and states, in part:

Many Vietnamese—one estimate was as high as 500—were killed by the strikes. The American contention is that they were Vietcong soldiers. But three out of four patients seeking treatment in a Vietnamese hospital afterward for burns from napalm, or jellied gasoline, were village women.

I do not see how we can win any friends among the Vietnamese people for our side of this conflict when three out of four victims of our napalm bombing attacks are village women. That is hardly calculated to win the support of the people in the villages and in the countryside.

It is not surprising, in view of facts of that kind, that also published in the New York Times of yesterday was an article by E. W. Kenworthy, reporting

on growing apprehension in the Senate, much of which has not been publicly expressed, about the course we are now following in this conflict.

Mr. President, I ask unanimous consent that the articles by Mr. Langguth and Mr. Kenworthy, and also an article entitled "Active U.S. Combat Role in Vietnam Acknowledged," written by John W. Finney, and published in yesterday's New York Times, be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, June 6, 1965]

DRIVE BY VIETCONG WIPING OUT GAINS OF SAIGON TROOPS—GOVERNMENT OPTIMISM UPSET BY THE WEEK'S BIG BATTLES IN CENTRAL HIGHLANDS—CASUALTIES UP SHARPLY—REDS PUT THREE BATTALIONS OUT OF COMBAT—800 MEN ARE DEAD OR MISSING

(By Jack Langguth)

SAIGON, SOUTH VIETNAM, June 5.—In the last 8 days the Vietcong guerrillas have dispelled almost all the optimism that the South Vietnamese Government had been promoting for 3 months.

The Communist forces appear to have proved, if there were doubts, that the South Vietnamese Army fared well all spring only by default.

In the central Province of Quangngai last weekend, the Communists began to move again after weeks of planning and regrouping. They followed their victory there with successful raids in Pleiku, Phubon, Darlac, and Kontum Provinces, the heart of the Central Highlands.

VIETCONG FIGURES ELUSIVE

The casualties of the last week have been high, apparently on both sides. The Government has lost the effective use of three 300-man battalions—two at Quangngai and one in the Phubon ambushes.

The total of dead or missing from Government ranks runs close to 800 men.

Vietcong casualty figures have always been difficult to pinpoint. As the Communists withdrew from Quangngai last Monday, U.S. jet bombers pounded the hills into which they were headed.

Many Vietnamese—one estimate was as high as 500—were killed by the strikes. The American contention is that they were Vietcong soldiers. But three out of four patients seeking treatment in a Vietnamese hospital afterward for burns from napalm, or jellied gasoline, were village women.

TACTICS HELD UNCHANGED

Senior American military advisers in Saigon, never apprehensive in their public comments, have professed to take comfort from the fact that the Communists have so far followed familiar tactics.

"What we've seen so far is the same pattern of attacks, but more of them," a leading U.S. officer said yesterday. He meant that the Communists were still relying on ambushes rather than on direct clashes with the Government forces.

In Phubon, the Vietcong ambush was a classic example of guerrilla tactics. A sizable group of Communist soldiers attacked a convoy on the road to the province capital.

When the Government forces, as many as 200 men, began to retreat in confusion to the village they had left, a larger Vietcong unit caught them at another point on the road and ripped their ranks apart.

U.S. advisers assigned to military operations watched with dismay the success of 10 similar ambushes throughout the central highlands.

They have stepped up their warnings to Vietnamese commanders that greater caution

must be exercised before convoys or road-clearing units take to the highways.

Though the Communist have restricted themselves to a strategy of surprise attack, the size and scope of the Vietcong forces have surpassed U.S. expectations.

According to official intelligence estimates, the Communists have 15,000 trained full-time soldiers operating in the swath of land from the 17th parallel—the border of North Vietnam—to the point, 50 miles northeast of Saigon, where the Annamite Mountains end.

TOTAL MAY BE DOUBLED

But intelligence procedures for verifying the presence of Communist forces are slow and conservative. With the entrance of some, or perhaps all, of the North Vietnamese Army's 325th Division into the south, the figure may be double the official estimate or more.

From this large and free-roaming strength, American advisers expect two kinds of attack.

"There will be a Vietcong spectacular in the Saigon area," a high intelligence source predicted.

This could mean major terrorist attacks or a bravado military action within the capital, he said. "We also look for a concerted attempt to seize and hold a district or province capital," the source added, "but they can't do it."

One such attack appeared underway tonight at Daksut, an isolated district capital in the mountains of Pleiku Province.

Initial figures from the double ambushes at Phubon appeared by the week's end to have been inflated. While military spokesmen first reported that all 300 men of the battalion had been in on the road-clearing operation, later information indicated that only half that number had been attacked. Forty Government soldiers are either dead or missing.

U.S. OFFICERS' FLIGHT

With the return of a majority of the ambushed unit, the behavior of the battalion's senior American adviser came under close scrutiny in Saigon.

When it appeared, during the second ambush, that all hope was lost for the Government troops, the American officer, who was slightly wounded, ordered a helicopter to evacuate him and his two American enlisted men.

His commanders here are reluctant to criticize his action. But to some, in retrospect, his departure seems to have been premature.

But U.S. commanders have been equally critical of advisers who tried to continue an attack with a handful of men when Vietnamese troops would not follow them.

The sensitive position of an American adviser was demonstrated last Saturday by an American lieutenant at Quangngai. Caught in that ambush, he advised the Vietnamese commander to break for the high ground of a neighboring hill.

When the advice was rejected, the lieutenant led his two sergeants out on foot through the Vietcong trap. The Vietnamese Army battalion stayed behind and was annihilated.

MORTAR RAID AT PLEIKU

SAIGON, June 5.—Communist guerrillas staged a mortar attack tonight against the district headquarters at Daksut, 50 miles southwest of Quangngai, the scene of a major battle earlier this week.

A U.S. military spokesman said two South Vietnamese soldiers had been killed and three others injured as 81-millimeter mortar shells blasted the headquarters. The headquarters building was reported to be burning.

Initial reports from Pleiku, an important U.S. post 50 miles south of Daksut in the central highlands, said 12 Americans and 300 Vietnamese soldiers were at Daksut.

Intelligence reports said two Vietcong battalions were in the area.

Meanwhile, U.S. air strikes against North Vietnam continued with five raids north of the border.

Fourteen F-105 Thunderchief jet fighter-bombers destroyed or damaged 12 trucks and 2 bridges on armed reconnaissance flights over highway routes. They ranged from 75 to 90 miles north of the border.

In another mission 20 Navy A-4 Skyhawks, supported by 8 F-8 Crusader fighters from the carrier *Bon Homme Richard*, bombed and strafed port facilities at Benthuy, near Vinh, about 160 miles south of Hanoi.

A U.S. military spokesman said pilots had reported having hit an offshore wharf with missiles and having damaged a coal yard and warehouses. A direct bomb hit was scored on an antiaircraft site. In other strikes, trucks and bridges were destroyed.

[From the New York (N.Y.) Times, June 6, 1965]

DEBATE OVER VIETNAM POLICY—AND VIEWS OF KEY SENATORS

(By E. W. Kenworthy)

WASHINGTON, June 5.—In a commencement address last week, Senator MIKE MANSFIELD departed from his text—the opportunities open to college women—to praise the reporting of American correspondents from the Dominican Republic and Vietnam. He often found it, he said, more accurate than the information he got from official sources.

The Senate Democratic leader was moved to make these remarks because he was disturbed by the constant complaints of President Johnson and Secretary of State Rusk about "misreporting" from these two critical areas and about "misjudgments" and "misrepresentations" of the administration's policy by some columnists and editorial writers. Even more, Mr. MANSFIELD was concerned over the frame of mind indicated by such complaints.

RESERVATIONS

There must be "no forced convergence" with official views "in the name of national unity," the Senator told the graduates of Clarke College, in Dubuque, Iowa, because that kind of unity is "not a source of strength" but of "dangerous and delusive weakness."

A number of Members of Congress, particularly in the Senate, must have felt a twinge of conscience on reading those words, because they are increasingly aware, and disturbed, that they appear to be yielding to a forced convergence with official views by remaining silent on a Vietnamese policy about which they have the gravest doubts and fears.

The disquiet in the Senate is not to be measured by the almost daily Jeremiaads of Senators WAYNE MORSE and ERNEST GRUENING, nor by the occasional, considered and temperate criticisms of Senators FRANK CHURCH and GEORGE MCGOVERN. The only true glimpse of the gnawing concern came a month ago when several of the most respected Senators in both parties rose to say they did not regard their votes for the President's \$700 million supplemental military request as an endorsement of the policy in Vietnam or as a predated pledge of support for further involvement of U.S. forces there.

Aside from those already named, the Senators most critical, or at least deeply troubled, by the Vietnam policy are the following members of the Foreign Relations Committee: J. W. FULBRIGHT, the chairman, MIKE MANSFIELD, GEORGE AIKEN, ALBERT GORE, and JOSEPH CLARK. To these should be added JOHN SHERMAN COOPER, JACOB JAVITS, GAYLORD NELSON, and ROBERT KENNEDY. Many others are known to share their misgivings.

Reporters who have talked privately to these Senators are thoroughly familiar with their criticisms and reservations. But before these are set forth, two caveats should be entered.

First, all of the critics believe that the President is a man of peace; that his overriding purpose, however they may question the methods, is "to seek peace and pursue it," that he earnestly wants to engage the North Vietnamese in negotiations.

OPTIONS ARE FEW

Second, they are quite aware that the President is confronted by a condition, most of it inherited, and not a theory; that his options are few, unpleasant and risky, with the choice—in Lord Morley's phrase—possibly "lying between two blunders."

Furthermore, most of the Senate critics feel it is only fair to await the event of the cautiously hopeful reading of the situation given to the Foreign Relations Committee this week by Secretary Rusk.

This reading may be summarized as follows:

There has not been the slightest response from Hanoi, Peking or Moscow to the President's offer of unconditional negotiations, or to the more discreet feelers put out through diplomatic and private channels. The Hanoi Government and the Vietcong are evidently determined on an offensive during the monsoon period; are confident this will succeed, and believe that when it does, the United States—wary of the fruitless task of bolstering up the South Vietnamese regime and under mounting criticism from its allies and the uncommitted nations—will accept the inevitable and withdraw. When this strategy comes to naught—and Mr. Rusk assures the committee it would fail—then, the administration believes, Hanoi may be willing to talk.

FORD PROPOSAL

The proposal for a supplemental appropriation was first made by GERALD FORD the House Republican leader, on the night of April 28, when the President called in congressional leaders to inform them of the dispatch of marines to Santo Domingo. The President at first said the appropriation was not necessary, but he later adopted the proposal as a way of demonstrating congressional support. Some Senators believe that if there had been a secret vote, the proposal would have been rejected.

Criticism of the Vietnam policy are made on military, psychological, political and historic grounds.

The critics believe the decision to bomb North Vietnam was a mistake. They fear that it will not seriously impede the North's sending of men and material into South Vietnam; that it will not bring Hanoi to the conference table, but reinforce its determination to install the National Liberation Front as the Government of South Vietnam; that it will strengthen popular support of the Ho Chi Minh regime; that it will heal the rupture between the Soviet Union and Communist China and make it impossible for Moscow to exert pressure on Hanoi for negotiations, and that, finally, it will alienate public opinion in allied and noncommitted countries.

Above all, these critics fear that the bombing will escalate the war. What will the administration do, they ask, if North Vietnam sends a large infantry force to the aid of the Vietcong; if the South Vietnamese Government's positions are overrun; if sizable numbers of U.S. Marines are killed?

QUESTIONS OF BOMBING

Will there be a public clamor in the United States to retaliate by bombing Hanoi, or even—as some officers in the Pentagon have already been urging—the atomic installation in Communist China?

One Senator, in a mood of deep gloom the other day, said: "We are escalating every day."

Some members of the Foreign Relations Committee, men who have spent years wrestling with the complexities of foreign affairs, consulting with the experts on the conflict between Moscow and Peking and the men-

tality of underdeveloped areas emerging into nationhood, believe that the President is taking a too simple, rigid and ideological view of the situation in Vietnam.

They argue that he underestimates the danger if the North Vietnamese are continually bombed, of their complete subservience to Peking and overlooks the possibility that a united Vietnam, while Marxist and under the influence of Communist China because of propinquity, might develop into a Titoist regime.

These critics may be right or wrong—and there is some expert opinion arraigned against them as well as with them. But what worries them increasingly is the President's mental and emotional attitudes.

THE CONSULTATIONS

The Senators do not complain that Mr. Johnson does not call them in. He is forever summoning them to the White House. But, they say, he does not consult, or even discuss, with them, he delivers lectures. He inveighs against the critics of his policy, and any hesitantly broached reservation sends him off on a repetitious round of self-defense.

The President, one Senator said the other day, is suffering from "overbreathing and underconsultation." What perplexed and alarmed this Senator was that the President, who had made a point of consulting all shades of opinion on domestic issues, is apparently relying entirely on a narrow circle of advisers on Vietnam—chiefly on Secretary of Defense McNamara, McGeorge Bundy, his Assistant for National Security Affairs, and William Bundy, Assistant Secretary of State for Far Eastern Affairs.

Many Senators who have the most profound respect for Mr. McNamara's abilities as an organizer, question his credentials in foreign affairs. His preeminent quality is quick decisiveness, they say, and this is not necessarily a virtue when applied to problems as intricate as Vietnam.

REASONS FOR SILENCE

But ironically, in the opinion of some Senators, it is this very quality that has led the President to rely so heavily on his Secretary of Defense. According to this view, the President is frustrated by foreign problems just because they are indeterminate, resistant to both reason and persuasion, and incapable of final settlement. And so, one Senator says, he finds comfort in turning to Mr. McNamara who seems to believe a foreign policy can be neatly tooled on a mental lathe.

The question remains, however, why do the critics not voice their doubts and fears?

First, they admit, for the very simple and self-serving reason that a legislator thinks twice before criticizing a President when American soldiers are fighting abroad.

Second, there is a genuine reluctance to exacerbate the President's irritation with his critics at a time when, as Senators all testify, he is under emotional strain.

Third, there is a disinclination to criticize the day-to-day implementation of policy in Vietnam. As Mr. FULBRIGHT himself said on becoming committee chairman several years ago: "Aside from the fact that the President has the primary constitutional responsibility, the Senate as a practical matter is very poorly equipped to deal with day-to-day policymaking or outguess the President in this field."

However, decisions to bomb North Vietnam or commit U.S. ground forces to combat, many Senators believe, are hardly operational decisions but basic policy determinations.

SENATE'S ROLE

In the speech just quoted, Mr. FULBRIGHT went on to say that the Senate is "very well equipped to deal with the longer range, more basic questions" of foreign policy.

All too often, he said, the Senate and the country have found themselves in a situation—as with the Taiwan resolution of Secretary of State Dulles, which was the progenitor

of last summer's Tonkin Gulf resolution—"where the Executive, consulting itself, has announced a policy."

"Whereupon," said Mr. FULBRIGHT, "the cry goes out that it cannot be debated, since this would show the world we are divided. What we must do, instead, is swallow our doubts about the wisdom of the policy. We must rally to the Executive in a great show of national unity."

The chairman then declared it was impossible "for a democratic country to have a viable, effective policy unless it is founded on the widest possible public discussion." Nor, he added, did he believe our allies feared such healthy debate.

"Their greatest fears," Mr. FULBRIGHT said, "arise over precipitate announcements of foreign policy which neither the Congress nor the country has properly considered."

More and more Members of Congress are coming around to the view that, if the bombing does not lead to negotiations and the war escalates, there must be a full-scale debate on Vietnam policy.

Last Thursday, 28 House Democrats, including 7 from the Foreign Affairs Committee, called for public hearings on this complex issue.

ACTIVE U.S. COMBAT ROLE IN VIETNAM ACKNOWLEDGED

(By John W. Finney)

WASHINGTON, June 5.—The State Department acknowledge publicly today for the first time that U.S. ground troops in South Vietnam were engaging in combat in defense of key installations against Communist guerrillas.

The Department's acknowledgement was contained in a statement redefining the military role of U.S. forces in South Vietnam.

Until now the Department had insisted that the troops were there in an advisory and defensive role and only returned fire in self-defense. The Department continued to make this point today, but it also conceded that under some circumstances the troops were engaging in combat in protecting key installations.

The Department's statement was prompted by requests for an official redefinition of the American military role in South Vietnam.

MORE THAN STATIC DEFENSE

Although not officially stated, it has become increasingly apparent in recent weeks that some U.S. troops have been engaged in more than static defense and have been actively seeking out the Vietcong forces.

Reports from Saigon, for example, have described how U.S. marines near the Da Nang Airbase in the northern part of South Vietnam have conducted "search and clear" patrols several miles from the base. Photographs have shown members of the 173d Airborne Brigade conducting helicopter-supported patrols north of Saigon.

In view of these reports, newsmen asked the State Department yesterday to redefine the military role of U.S. forces in South Vietnam.

In response, the Department spokesman, Robert J. McCloskey, issued the following statement, approved by the highest Department officials:

"As you know, American troops have been sent to South Vietnam recently with the mission of protecting key installations there. In establishing and patrolling their defense perimeters, they come into contact with the Vietcong and at times are fired upon. Our troops naturally return the fire.

"It should come as no surprise therefore that our troops engage in combat in these and similar circumstances. But let me emphasize that the Vietnamese Government forces are carrying the brunt of combat operations. Those U.S. forces assigned as advisers to the armed forces of Vietnam remain in that capacity."

It was apparent, particularly from the use of the phrase "similar circumstances," that the combat was not limited to returning fire in self-defense. Mr. McCloskey affirmed, in elaborating upon the statement, that some U.S. troops had been conducting active patrols to seek out the Vietcong, in carrying out their responsibility of protecting key bases.

In defining the combat role, the statement drew a clear distinction between American troops sent in as advisers and those sent in more recently to protect critical air, communications, and port facilities.

According to the latest official estimate by the Defense Department, there are 42,000 American troops in South Vietnam, but the actual number is believed to be closer to 45,000. Of this total, 12,000 combat marines and 3,600 paratroops of the 173d Airborne Brigade are assigned to a defensive mission rather than an advisory one.

The number of American troops has doubled since early March, when the first marines landed to protect the air base at Da Nang. Since then the defensive responsibilities of the marines have been extended to cover Chulai, south of Da Nang, where Navy Seabees are building an airbase, and Phubai, a critical communications facility near Hue. The airborne troops are guarding the airbase at Bienhoa, near Saigon, and a nearby port facility at Vungtau.

TOTAL OF 60,000 EXPECTED

Although not confirmed by the administration, it is expected that the number of American troops will grow to 60,000 in the immediate months ahead as additional defensive responsibilities are assumed in South Vietnam.

The State Department statement skirted the question of whether U.S. forces would next undertake offensive action in support of Vietnamese troops, as has been suggested by military officials in Saigon. Privately, however, administration sources are suggesting that it may become necessary in the near future for some troops to enter into open, direct combat against the Vietcong.

As now contemplated, this expanded combat role could take one or both of two forms.

Under one strategy, the American forces would come to the assistance of Vietnamese troops pinned down or overwhelmed by the Vietcong. Under the other, more ambitious inkblot strategy, the American forces would set up, around strategic coastal centers, separate enclaves that would gradually be joined through clear and secure operations against the Vietcong.

FIFTEEN THOUSAND MORE REPORTED DUE

SAIGON, SOUTH VIETNAM, June 5.—About 15,000 more U.S. troops, with amphibious equipment, will arrive in South Vietnam soon, informed military sources said here today.

These sources said the amphibious equipment was for use in South Vietnam's crisscrossed rivers and flooded ricefields.

Waves of cargo aircraft are bringing the reinforcements to Okinawa and the Philippines from Forts Eustis and Story in Virginia.

Two kinds of amphibious vehicles are being shipped to the Philippines, military sources said. They are the Lark 5, used mainly for ship-to-shore cargo armored tank and troop carrier.

The Lark, which can also be used for troop transport, is an aluminum craft about 8 feet high and 65 feet long. It travels on land with tires or tracks, as well as on water.

The Lark's four enormous inflatable tires are well over 6 feet high.

Military sources said the vehicles would be ideal for operations in river and swamp areas such as the Mekong Delta, in the south, which is flooded most of the year.

The Larks would also be useful in dealing with the almost continuous shuttle of sup-

plies and equipment coming from U.S. bases in the Western Pacific, they said.

Mr. McGOVERN. Mr. President, for many months, those observers who are aware of attitudes in the Senate have known that the apprehension over our Vietnam policy has been much greater than the public expression of that apprehension. Many of the most thoughtful Members of the Senate have deep misgivings about our growing involvement in the southeast Asian crisis. For a variety of reasons, Senators have chosen either to soften their criticism of our present policy or to suppress any comment at all.

Whether or not this restraint and suppression have been in the national interest is a question that only history can decide. I am convinced, however, that as our troop commitment grows each day, we are more and more raising fundamental questions that ought to be fully discussed in Congress.

If the United States is to wage a major war in Vietnam, then that matter certainly falls within the responsibility of Congress and ought to be thoroughly aired in congressional hearings and debate. Recent reports that American troops in Vietnam are in fact taking on an active combat role rather than serving as advisers raise serious new questions that need to be fully understood and discussed by the Senate.

Mr. President, the unfortunate nature of combat in South Vietnam is well illustrated by news reports of recent fighting between the Vietcong and Government forces. An estimated 800 men of the South Vietnamese Government forces are either dead or missing as a result of last week's combat. The other side of the coin is that American jet bombers which participated in the increased fighting took a heavy toll of village life. It is estimated that 3 out of 4 patients seeking treatment in a Vietnamese hospital after the American raids were village women burned by napalm jellied gasoline bombs.

This is the kind of unfortunate by-product of our involvement in this war, Mr. President, that makes it so hard for us to win the confidence of the Vietnamese people. How can we expect to win the support of villagers whose wives and children are burned by our napalm attacks? And how can the Government forces which we are attempting to sustain suffer weekly losses of as high as 800 men and expect to turn the war favorably to their side?

For the various reasons I have outlined, I shall support the amendment offered by the Senator from Oregon.

Mr. MORSE. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I yield.

Mr. MORSE. I assure the Senator from South Dakota and other Senators, in view of the points that have been raised by the Senator from Vermont [Mr. Aiken] and the Senator from New Hampshire [Mr. Cotton], that my amendment would not prevent the expenditure of this money for the very purpose for which the President asks for it. It assures it. I am for the expenditure of the funds for economic aid. My amendment would merely prevent the

addition of \$89 million more to the foreign aid bill.

As the Senator from New Hampshire has said, if the time comes when the President needs more money for military aid for Vietnam, and he makes his case, he will get it. But I quite agree with the Senator from Vermont and the Senator from New Hampshire that it is not necessary to provide the \$89 million this afternoon to accomplish the economic purpose the President has in mind. My amendment would accomplish that for him.

Mr. CLARK. Mr. President, it is with considerable reluctance that I shall vote against the amendment of the Senator from Oregon. I shall do so for several reasons, most of which are procedural rather than substantive.

I agree that for reasons of our overall foreign policy—the psychological factor being perhaps the most important reason—this \$89 million should be given to the President.

I am as convinced as is the Senator from Oregon that we shall not find a military solution to the situation in Vietnam. If we are to be able to maintain our position there, it will be largely because we have won the hearts of the people. We shall never do that by burning people with napalm bombs.

Therefore, I support, as the Senator from Oregon says he supports, a request for the \$89 million of additional economic aid for use in the Mekong Delta, in Thailand, and in Laos, as well as in Vietnam.

I want an opportunity later to vote to reduce the military aid which is contained in the bill. We shall have an opportunity to do that. The Senator from Idaho [Mr. CHURCH] assured the Committee on Foreign Relations this morning that he would propose a reduction in military aid, cutting the amount back to what was given last year.

I supported that proposal in the Committee on Foreign Relations. We carried the day for awhile. However, at the end we were overridden when one of our distinguished, charming, and likable members of the committee came in with a number of proxies from members of the committee who were not undertaking to listen to any of the testimony. Then the cut in military aid was set aside.

My real quarrel with the senior Senator from Oregon—and I know he will take this in the proper spirit—is that the military aid program is too small. It is not too big. We ought to be doing much more than we are doing to shore up our relationships with the underdeveloped nations of the world. Too much difference exist now between the rich and the poor nations.

I am strongly in support of the position taken by the distinguished chairman of the committee that we should make more aid possible. However, we are able to do that only to a modest extent. We shall never solve the world's problems unless the United States of America makes a considerably greater effort than it is making now to assist the underdeveloped countries of the world to become self-sufficient. The senior Senator from Oregon wants to

eliminate \$89 million from the bill. I cannot go along with him, although I specifically support a cut in the military aid, as I have just indicated. Therefore, I hope that the amendment will be defeated.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. MORSE. Mr. President, I shall give the Senator from Pennsylvania an opportunity to vote for a greater cut in military aid than the figure of last year. That figure is merely a gesture.

I want the Senator from Pennsylvania to know that he does not disagree with me, although he may try to talk himself into a disagreement on economic aid. I hope that the Senator from Pennsylvania does not believe that the only possible place to make a cut in the bill is in military aid. When we make other cuts in the aid program, we cut military aid very effectively. Some of the technical assistance is concealed military aid.

The amount involved here is merely \$89 million. However, the important thing is that I am supporting the program of the President for \$89 million for economic aid. The Senator from Pennsylvania is quite right. I stated my case in chief this afternoon. That is only the beginning. As the Senator from Alaska and I pointed out, we would probably be giving aid to the extent of \$1 billion over the course of years. We cannot do it overnight. However, we would be engaged in a great deal of waste if we were to extend this aid and, at the same time, kill people with napalm bombs in North and South Vietnam. We would be destroying a lot of the aid in the progress of making war.

We had better get the war settled first. I have a little difficulty with the paradox of pouring \$89 million of aid into a country and, at the same time, destroying \$89 million worth of property.

Mr. CLARK. The Senator from Oregon and I have discussed this matter before. I shall not detain the Senate any longer than to say that I oppose the amendment of the senior Senator from Oregon. The net result would be that the President would not take the \$89 million out of military aid if the bill were to pass. He would take it out of economic aid at the very time that we should be boosting economic aid.

Mr. MORSE. Mr. President, the Senator does not have to say that in defense of the President.

Mr. CLARK. I am not defending him.

Mr. MORSE. That is a good argument for voting for my amendment.

Mr. FULBRIGHT. Mr. President, if the amendment of the senior Senator from Oregon is voted down, which I hope it will be, I intend to offer an amendment which was approved by the Committee on Foreign Relations by a vote of 13 to 4 this morning. The amendment I intend to offer is essentially the administration proposal.

I do not like to eliminate the aid by such a procedure. I believe that the way to deal with the measure is to vote the amendment down and then have the Senate vote as it pleases on the program. I am sure that there will be many oppor-

tunities for the Senate to cut the amount, as the senior Senator from Oregon has stated, in any part of the bill.

I believe that it would be a mistake to do this. I believe that we should have a straight vote on the measure. I hope the amendment is rejected. I shall, immediately after the vote, offer the proposal of the President and get a vote on that. Then many other amendments may be offered. I see no reason to mix the two elements together.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the senior Senator from Oregon. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Indiana [Mr. BAYH], the Senator from Tennessee [Mr. BASS], the Senator from Virginia [Mr. BYRD], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Hawaii [Mr. INOUE], the Senator from Washington [Mr. MAGNUSON], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Missouri [Mr. SYMINGTON], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Rhode Island [Mr. PELL], and the Senator from South Carolina [Mr. RUSSELL] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD], the Senator from Michigan [Mr. HART], the Senator from Hawaii [Mr. INOUE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MONDALE], the Senator from Rhode Island [Mr. PASTORE], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "nay."

On this vote, the Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Illinois would vote "nay," and the Senator from Virginia would vote "yea."

On this vote, the Senator from Rhode Island [Mr. PELL] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from Virginia would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the

Senator from New York [Mr. JAVITS], the Senator from California [Mr. KUCHEL], the Senator from Kentucky [Mr. MORTON], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from New Jersey [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business.

If present and voting the Senator from New York [Mr. JAVITS], and the Senator from California [Mr. KUCHEL] would each vote "nay."

The result was announced—yeas 22, nays 45, as follows:

[No. 107 Leg.]		
YEAS—22		
Alken	Ellender	Pearson
Bartlett	Ervin	Stennis
Bible	Gruening	Thurmond
Burdick	Hruska	Tower
Cooper	Jordan, N.C.	Williams, Del.
Cotton	McGovern	Young, Ohio
Curtis	Metcalf	
Eastland	Morse	
NAYS—45		
Allott	Hartke	Montoya
Anderson	Hayden	Mundt
Bennett	Hickenlooper	Murphy
Boggs	Hill	Nelson
Brewster	Holland	Proxmire
Byrd, W. Va.	Jackson	Ribicoff
Cannon	Jordan, Idaho	Saltonstall
Church	Long, Mo.	Scott
Clark	Long, La.	Smathers
Dirksen	Mansfield	Smith
Dominick	McCarthy	Sparkman
Fannin	McClellan	Talmadge
Fong	McIntyre	Tydings
Fulbright	McNamara	Yarborough
Harris	Miller	Young, N. Dak.
NOT VOTING—33		
Bass	Kennedy, Mass.	Neuberger
Bayh	Kennedy, N.Y.	Pastore
Byrd, Va.	Kuchel	Pell
Carlson	Lausche	Prouty
Case	Magnuson	Randolph
Dodd	McGee	Robertson
Douglas	Mondale	Russell, S.C.
Gore	Monroney	Russell, Ga.
Hart	Morton	Simpson
Inouye	Moss	Symington
Javits	Muskie	Williams, N.J.

So Mr. MORSE's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Arkansas [Mr. FULBRIGHT] proposes an amendment on page 4, strike out lines 15 through 17, and insert in lieu thereof the following—

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, as I wish to explain it.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment submitted by Mr. FULBRIGHT is as follows:

Strike out, on page 4, lines 15 through 17, and to insert in lieu thereof the following:

"(2) Strike out '\$215,000,000 which', and substitute '\$219,000,000 for use beginning in the fiscal year 1966 and \$210,000,000 for use beginning in the fiscal year 1967, which sums'."

On page 10, strike out lines 14 through 19, and insert in lieu thereof the following:

"(a) In the first sentence, strike out 'for use beginning in the fiscal year 1965'.

"(b) In the first sentence, strike out '\$405,000,000 which' and substitute '\$430,000,000 for use beginning in the fiscal year 1966 and \$350,000,000 for use beginning in the fiscal year 1967 which sums'."

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

POLITICAL AND ECONOMIC RECONSTRUCTION
IN SOUTH VIETNAM

Mr. FULBRIGHT. Mr. President, President Johnson has shown wisdom and vision in his message to the Congress of June 1 calling for expanded economic assistance to South Vietnam, Thailand, and Laos. The Congress can demonstrate its own wisdom by providing the additional \$89 million requested by the President for social and economic development in southeast Asia as promptly and enthusiastically as it recently provided and additional \$700 million for the conduct of the war in Vietnam.

The issue for the unhappy people of South Vietnam is not one of power politics and the grand strategy of the cold war. It is rather one of who is more likely to bring some security and happiness and hope into their lives, the Saigon Government or the Vietcong rebels. For this reason President Johnson is eminently right in asserting:

The effort to create more progressive societies cannot wait for an ideal moment. It cannot wait until peace has been finally secured. We must move ahead now.

The uses to which the requested \$89 million would be put are set forth in the President's message. About \$19 million will be used as an installment on an accelerated program for the development of the Mekong River Basin, including the construction of the top priority Nam Ngum Dam. Five million dollars will be used to support electrification cooperatives in South Vietnam; \$7 million will provide medical services in rural areas in Vietnam, Laos, and Thailand; \$6 million will be used to train people for the construction of roads, dams, and other small-scale village projects in Thailand and Laos; about \$45 million will be used to finance imports of iron and steel and other materials necessary for industrial expansion and low-cost housing programs; and \$7 million will be used to supplement existing agricultural development programs in all three countries and to plan industrial expansion in the secure areas of South Vietnam.

President Johnson pointed out in an impressive but little noted speech to the Association of American Editorial Cartoonists on May 13 that the war in Vietnam has three faces: The first is the face of armed conflict; the second is the search for a political solution through

negotiations without preconditions; the third is the face of human social and economic needs.

It is to this third face of the war that the President's message of June 1 is addressed. The amount of money involved is small, small indeed compared to the cost of the war. But the matter is one of great importance because, as President Johnson said in his remarks on May 13, the struggle for the satisfaction of human needs is "the most important battle of all in which we are engaged."

Important steps have already been taken in the prosecution of this "most important battle of all." In his Johns Hopkins address of April 7 President Johnson outlined a large-scale program for the development of southeast Asia, a program in which he expressed hope for the participation of both the Soviet Union and North Vietnam. Specifically, the President envisioned programs of education, health, and the development of the resources of the Mekong River. Since then Eugene Black, the President's personal representative to initiate American participation in these programs, has begun consultations with United Nations officials on means of carrying forward the great cooperative task of development in southeast Asia. In addition, the President has indicated that the United States is prepared to support and participate in an Asian Development Bank.

So preoccupied have we been with the war and political upheavals in South Vietnam that little attention has been paid to our Government's creditable efforts to contribute to the welfare of the South Vietnamese people. These efforts have hardly been proportionate to our contributions to the war but they have been notable nonetheless. American assistance, for example, has contributed to impressive advances in agriculture in South Vietnam, including the doubling of rice production since 1954. American aid has made possible the establishment of 12,000 hamlet health stations where hundreds of thousands of South Vietnamese can now receive treatment; over 7 million people have been vaccinated against cholera; and a medical school is now being built that will graduate as many doctors in a single year as now serve the entire population of South Vietnam. In the last 2 years American aid has helped to build more than 4,000 classrooms and another 2,000 are to be built within the next year; primarily because of American aid enrollment in vocational schools in South Vietnam has increased from 300,000 in 1955 to more than 1,500,000 at present.

There have been achievements of potentially great importance, particularly in the fields of education and public administration. Between 1955 and 1963, enrollment in elementary schools increased from 300,000 to over 1,400,000 and more than 3 million elementary and secondary school textbooks have been published. In the field of public administration, a National Institute of Administration has been established and is expected by 1966, according to one AID publication, to graduate some 350 qualified civil servants a year to serve both

the Central and local governments—although another AID publication puts the figure at 160.

These are the kinds of programs that President Johnson now proposes to expand. It is of the greatest importance that we do so because the stakes of political and economic development are as high as the stakes of the war itself. Indeed, the meeting of human needs, so far as the Vietnamese people are concerned, is both the only meaningful objective of the war and the probable condition of success in the war.

It may be that the Vietnamese people are divided between those who are passionately committed to communism and those who are passionately committed to democracy, but I am much inclined to doubt it. I believe it to be more likely that the Vietnamese people are all but united in the desire for an end to violence and for some measure of security and hope in their lives. I feel sure that the Vietnamese people are principally interested in tending their rice crops and building factories and raising their children for a better life. When these needs are met—and only when these needs are met—does it become possible for people to think of their spiritual needs and of the relevance of political philosophies in meeting them.

I believe it to be quite likely that the choices made by individual Vietnamese as between the government in Saigon and the Vietcong have little indeed to do with slogans about "freedom" and the "dignity of the individual" on the one hand, and "fraternal socialism" and "national liberation" on the other—not because these concepts are meaningless or fraudulent in general but because they are utterly meaningless and utterly fraudulent to a people who live in constant terror and wretched deprivation. Under the conditions existing in Vietnam, the choices of individuals as between one side and the other can only be made on the much more elemental level of: Who is likely to put an end to violence? Who is likely to provide food and clothing or the opportunity to earn them? Who is likely to bring doctors to cure disease and teachers to educate our children?

Because this is true, the "third face of the war" of which President Johnson spoke—the face of human need—is of the greatest importance. There are broader reasons—reasons that go beyond Vietnam—why the "third face of the war" is of great importance.

The struggle in Vietnam, after all, is part of a general struggle in which the peoples of Asia, Latin America, and Africa are engaged. It is a struggle for economic development and national fulfillment and, within the context of these, for human dignity. The peoples of the emerging countries are caught up in a new nationalism, a force more meaningful to them and therefore more powerful than either of the two competing ideologies. The ideologies—communism and democracy in their various forms—are likely to be successful in the underdeveloped world to the extent—and only to the extent—that they make themselves the friends of the new nationalism.

After centuries of foreign domination,

the most prized and most delicate possession of the emerging peoples is an awakening sense of their own capacity and their own dignity as human beings. If these are to be fulfilled, the peoples of the emerging nations must have our help but they must also have our respect. They must have our assistance in the social and economic aspects of nation building, but they must also have the right to resolve their own problems in their own ways—even if their ways are sometimes distasteful to us—and they must have the right to make their own mistakes—even if they seem to us to be bad mistakes indeed—because it is only when people take full responsibility for their errors that they can also take full satisfaction in their accomplishments.

No matter how generous our motives in dealing with the less developed countries, many nationalist leaders are likely to regard us with suspicion. This, I believe, is all but inevitable and it should not alarm us unduly. Suspicion of the West is the legacy of the colonial past and we must be patient and mature in waiting for time to do its healing work. We must understand, however little we may like it, that proud and patriotic leaders of emerging nations are naturally reluctant to be "taken into camp" by the United States. If we appreciate this, we will understand that in some cases the most effective way for us to discredit the leader or government of a less developed country is by embracing it too closely, and conversely, the most effective way to influence a country may be by not trying too hard to influence it.

It was not many years ago that politicians in the American South were automatically suspect in the eyes of their fellow southerners if they cozied too closely with rapacious "Eastern interests." Similarly, and quite naturally, it is demeaning in the eyes of proud and sensitive peoples in the less developed countries if their leaders stand in too well with a rich and powerful America. It is necessary for us to understand these feelings and it is necessary for us to be wary indeed of the arrogance of great power. If we are modest in the use of power and responsive to the sensibilities of the new nationalism, the peoples of the emerging nations may come to acknowledge that Americans after all are fairly decent people just as we southerners sometimes have to admit that at least some Yankees are not so bad as they used to seem.

The sense of capacity and dignity in the emerging countries is a delicate thing indeed. It can be shattered with tragic facility by a great power, either deliberately or inadvertently. To the extent that we understand the extreme delicacy of our relations with the less developed nations and act accordingly, we can make ourselves the true friends of the new nationalism. If we succeed in this, the rewards will be rich indeed, both for our own security and for the democratic ideals in which we believe.

It is for these reasons that the "third face" of the war in Vietnam is of such great importance. It is for these reasons that President Johnson is wise and farsighted in stating in his message of June

1 that in Vietnam "military action is not a final solution" but "only a partial means to a much larger goal."

Mr. GRUENING. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I am glad to yield to the Senator from Alaska.

Mr. GRUENING. I should like to inquire of the Senator from Arkansas whether a vote in favor of the amendment would be a commitment to vote for the total billion dollars?

Mr. FULBRIGHT. It would not be a vote for anything beyond what is proposed by the amendment. It is common-sense that if the war takes a better turn, if some reasonable peaceful settlement can be achieved in the reasonable future—and I do not mean next week, but in the course of the years—and the war does not degenerate into an all-out war, we could be of further assistance to the area. There is no question about that.

The President made that clear in his Baltimore speech, and in his statement here. We have made it clear in other countries. Consider what was done in Korea—far more than is contemplated in this amendment. It is clear we will help these people reconstitute and reconstruct their country, but this is not a commitment to do so. The facts of life would indicate that we are bound to do so, especially if we can achieve some kind of truce or peace in the area.

So long as the war is continuing as it is, what we can do in this respect will be limited because the opportunities are limited.

If it is possible to achieve a cessation of the struggle, I believe that this kind of activity would step up, and everyone would like to see that. We are spending \$2 billion a year now. Why would it not be a bargain, if we could prevent any kind of expansion of the war, so that we could do something in the economic field, which would be less expensive than in the military field. This would be a small part of what we are spending now to prosecute the war. That is on a small scale compared to what it could be.

My personal interest in this matter is that it could have an important influence upon the course of the war itself. It could well have an influence upon the Vietcong and the people of South Vietnam. Heavens knows, I still believe that it is worth while to prevent an all-out war. It would be better to try to find a basis for a truce and a settlement. These are things we cannot prove on a slide-rule. It is a matter of the psychology of the area. This is not only the opinion of the President but also the opinion of the Committee on Foreign Relations.

Mr. McCLELLAN. Mr. President, will the Senator from Arkansas yield for an understanding?

Mr. FULBRIGHT. I am glad to yield to the Senator from Arkansas for that purpose.

Mr. McCLELLAN. Would any of this money be spent in North Vietnam?

Mr. FULBRIGHT. It would not. It would be spent only in South Vietnam, Laos, and Thailand.

Mr. McCLELLAN. There is no commitment, then, to rehabilitate North Vietnam?

Mr. FULBRIGHT. No commitment at all. Not one penny of this money would go to North Vietnam. Forty-five million dollars of it will be for commodity imports into South Vietnam along the line the Senator from Illinois [Mr. DIRKSEN] was discussing a moment ago, for cement, steel, and materials needed for the building of houses, and the usual things to build up the economy.

Then there is the initiation of a dam on the Mekong River of \$19 million. There are three electric cooperatives. Representatives of our own REA association went over there and recommended three REA's, in effect, to be built in South Vietnam, at a cost of \$5 million. Also, medical services would cost \$7 million. Training for small-scale village projects in Laos and Thailand—these are items preventive in nature—would cost \$6 million.

The accelerated Mekong River Basin development would cost \$19 million. Those are the items, none of which go to North Vietnam.

Mr. McCLELLAN. We are proposing to make these expenditures while the conflict is still in progress, however?

Mr. FULBRIGHT. Yes. If we are to carry on the conflict at all—

Mr. McCLELLAN. If we are going to do this, I do not see how we can withdraw from the conflict. We hear a great deal of talk about withdrawing from the conflict, but we do not wish to build all these things and let the Communists take them over later.

Mr. FULBRIGHT. That is not the purpose of the amendment, let me assure the Senator.

Mr. McCLELLAN. I do not know whether it is premature to go down there and build all these things, unless we have the determination to go through with it, to make certain that we are going to see the program through. I merely wish to get my bearings on this problem. I am not trying to be critical. I wish to get some information concerning it.

Mr. FULBRIGHT. I am in accord with the Senator. In my view, this is a very important factor, if we are to prevail and see things through.

Mr. McCLELLAN. How does the Senator contemplate that this could possibly influence North Vietnam to come to a settlement? I do not quite see the logic of that.

Mr. FULBRIGHT. We have been told on numerous occasions that in South Vietnam the Vietcong are made up of some hard-core Communists who furnish the leadership and the organization, but that there are large numbers of South Vietnamese who have been fighting with the Vietcong in opposition to their own domestic and local government. This practice began when Diem was President. These people were dissidents with regard to the Diem government. They became associated with the opposition and are called Vietcong.

Ambassador Lodge, who was the only one who stated that we should do something to the best of our ability to alienate the South Vietnamese from the Viet-

cong—the South Vietnamese who have thus far been supporting the Vietcong—and to give them hope, to inspire their allegiance to support the regular Government of South Vietnam.

Much of the trouble we have had there has been caused because the South Vietnamese Government has not had the support of its own people. There have been a succession of failures along that line.

Mr. McCLELLAN. They have lacked stability. The question is—

Mr. FULBRIGHT. That is one of the main reasons.

Mr. McCLELLAN. One of the thoughts in my mind is that in trying to achieve this purpose, to seek a stable government—

Mr. FULBRIGHT. Within South Vietnam.

Mr. McCLELLAN. If we fail to do that, then we risk continued conflict.

Mr. FULBRIGHT. The Senator is correct.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Could the Senator from Arkansas inform me how much money has been spent in that area since 1954? Does he have the figures at hand? I understand that over \$2 billion a year have already been spent there.

Mr. FULBRIGHT. In South Vietnam alone?

Mr. ELLENDER. In South Vietnam and Thailand and—

Mr. FULBRIGHT. But not on projects of this kind?

Mr. ELLENDER. It is economic aid.

Mr. FULBRIGHT. Oh, no. The major part is for military aid. That is for military expenditures. The total cost is running at the rate of \$2 billion a year. Military expenditures, including those on our own forces, have accounted for the bulk of it.

Mr. ELLENDER. As I recall the figures, in this area, which would include Cambodia and Laos—

Mr. FULBRIGHT. What is the date the Senator has in mind?

Mr. ELLENDER. 1954.

Mr. FULBRIGHT. I do not have those figures. I have them from 1946 to 1964. That was \$2 billion for Vietnam.

Mr. ELLENDER. That is economic aid?

Mr. FULBRIGHT. Economic aid.

Mr. ELLENDER. The Senator would like to add more.

Mr. FULBRIGHT. I do not want to add anything. All I can say is—

Mr. ELLENDER. How does he expect to do it with the paltry sum that is proposed here, when it has not been done with the amount we have spent?

Mr. FULBRIGHT. I wish we were not involved, but we are involved, and we have to do the best with a bad situation. Congress thought enough of the idea to add \$700 million to the military appropriation. I believe the suggested approach is justified.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. As I understood the President's Johns Hopkins speech, he was offering economic aid in addition to the bombings in North Vietnam to induce the Vietnamese to quit the war. If all the expenditures are to be made in South Vietnam and not in North Vietnam, how will that be an inducement for the North Vietnamese to lay down their arms?

Mr. FULBRIGHT. I think it would be an inducement indirectly. If this program should strengthen the South Vietnamese Government, if it should have a beneficial effect upon some of the followers, or a substantial number of the followers, of the Vietcong, it would influence Hanoi, because Hanoi is their principal support.

Mr. MURPHY. Mr. President, much has been written and said in the past about the handling of the funds. Would these funds be handled by the same administration, or would a special group be set up by the President, which might be more representative and effective?

Mr. FULBRIGHT. This appropriation would be handled by the established AID program. There is talk of a southeast Asia bank, and Mr. Eugene Black is engaged in exploring that idea. That is a separate thing, however. It would be a separate organization under Mr. Black. This money would be handled by the same organization.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MUNDT. Mr. President, I should like to raise the question which I raised at the committee meeting this morning, where, after considerable soul searching and doubt, I was one of the Senators who voted to report the amendment favorably. I did so with the understanding that a portion of the \$6 million, which is to be spent in training people in the villages, would be made available in part to the people of South Vietnam, and not only to the people of Thailand and Laos.

However, I noticed that the distinguished chairman of the Foreign Relations Committee, in response to an earlier question, said that the \$6 million to train the villagers would be used in Laos and Thailand.

It does not make sense to me to spend money in training villagers where we are not fighting a war and not give a thin dime to train villagers in areas where we are fighting a war.

Every report we have had indicates that one reason we are not making headway in Vietnam, even though the soldiers fight well and the military is doing its job, is that we have not been able to develop any kind of political leadership to set up a stable government in the villages and in the Central Government of South Vietnam. The main difficulty is that we have not been able to develop leadership in the villages, to seal them off, to protect them, to make them stable.

If this is a proposal to spend \$6 million in village centers in areas where we are not doing any fighting, and to ignore places where the war is being fought, I would be against it as it would be a great

demonstration of unrealistic leadership by this administration.

It was my understanding, after discussion—and it was a brief discussion—in the Foreign Relations Committee this morning, that the major portion of the \$6 million, or some of it, would be spent in South Vietnam.

Now I am confronted with the record which we have made so far today, which shows that it is proposed to train villagers in areas where people are living in peace. I want to correct that record.

Mr. FULBRIGHT. If there was any misunderstanding, it arose because a major part of the total money involved will be spent in South Vietnam. The village program itself, however, as was stated in the presentation and in the report, will be spent in Laos and Thailand. I believe that in South Vietnam there are already advisers in every one of the provinces, who have been trying to teach, as well as they could, the people living in these villages, and to train the villagers. This would be in addition to what already is going on in South Vietnam. This is not all that is being done today in South Vietnam. Most of this money, as I already stated, would improve the medical service in Vietnam, Laos, and Thailand. The electric cooperatives would be helped in South Vietnam. In South Vietnam they already are conducting some kind of activities in the villages.

Mr. MUNDT. There is no question that they have been dabbling around in the training of villagers in South Vietnam. However, the fact is that Maxwell Taylor, Cabot Lodge, and Assistant Ambassador Johnson have said that the reason we are having difficulty is that we have not been able adequately to train the villagers in South Vietnam. They have been dabbling around, and, having dabbled around, it seems to me that to spend this additional \$6 million in areas which are not in conflict would be ridiculous.

It illustrates the big weakness in the administration's program in Vietnam. A military operation is being carried on which is fairly successful. The military personnel have performed valorous service. All reports indicate that in the main the South Vietnamese soldiers are brave and effective. We are conducting a holding operation. It is holding for what? There is no use holding for eternity to come along. We should be holding for conditions to improve in South Vietnam. Everyone tells that the way to do it is to establish stability in the villages and in Saigon. Now comes this proposal to pour money into villages—not into villages in South Vietnam, but, instead, in Thailand and in Laos, where people are doing well.

I do not object to helping the people in Laos and Thailand, but it seems to me that we ought to do first things first. We ought to develop some kind of effective political training program in South Vietnam.

We asked 1 witness before our committee, who said there were some 70,000 Americans in uniform fighting the war under the American flag, how many political operatives were serving there, try-

ing to do something while the military holds the fort, he said he did not know. We asked him, "Do you have a thousand?"

The answer was, "We are not sure."

We asked him, "Would you say 50?"

The answer was, "We will have to look in the record."

"Well," we asked, "can you write them on the back of a playing card?"

We have not had any answer yet. I doubt that we have a score of fully qualified American political operatives in Vietnam.

The evidence shows that we are losing the war in the same way in Vietnam that we are losing the war generally in the cold war area, for lack of a training program, the lack of a Freedom Academy, or something of that kind, where American and native operatives could be trained, who would know all about setting up a civilian government that would resist communism. To spend this money in other areas would be deplorable. I hope the Senator will not set up an iron wall around this \$6 million and have it all spent in areas where it is not needed, instead of spending it where it is needed the most.

Mr. FULBRIGHT. There is nothing in the bill to keep the administrators from using it in South Vietnam. In addition, in the presentation for the regular 1966 program, it was shown that they intended to spend this money in the hamlet program to help construct simple improvements such as marketplaces and irrigation facilities, and so forth.

I agree with the Senator, as he knows, and I complained at the same time that the Senator did, subsequent to the testimony of Mr. Lodge. However, all I can tell him is that this is for Laos and Thailand, I believe on the assumption that the other program is already underway. Subsequent to the committee meeting to which the Senator refers, I talked with the President, and under a special dispensation of the committee, I sent him a copy of the testimony, to give him the benefit of the discussion, and to show him how the Senator from South Dakota and others approved of the idea of setting up local, grassroots developments in trying to develop the allegiance of the people to the Central Government.

I believe it would be very worthwhile to undertake some of the projects in Laos and Thailand because those countries are right on the firing line, too. They are next in line. We do not want the same situation to develop in those countries that has developed in South Vietnam.

The major part of the program would be in South Vietnam. There is no Iron Curtain. The bill itself would not authorize the money for use in only one country.

Mr. MUNDT. I went into the bill meticulously because the decision I had to make was a close one. On balance, I voted in favor of the amendment, but I did so with the understanding in my mind that certainly some of the money for village defense would be given to South Vietnam. I could not find anything in the bill that would exclude that.

Mr. FULBRIGHT. It is not excluded.

Mr. MUNDT. I did not want anything adopted on the floor of the Senate or included in the legislative history of this amendment that would exclude it.

Mr. FULBRIGHT. In the President's message, he stated that the money would be devoted to projects in Thailand and Laos. Whether or not that was an oversight, I do not know. I know they are doing somewhat the same thing, or exactly the same thing, in Vietnam, although I think not on a big enough scale.

Mr. MUNDT. They are doing something. By their united and unanimous testimony, what they have done however has failed. It is not adequate. That is the big weakness. The proposal is to spend \$89 million, \$6 million in an area in which we are failing notoriously in the conflict. To lift that \$6 million out of the area of the conflict would not make sense at all. I am glad to have the Senator's assurance that he believes we shall spend some of the \$6 million in South Vietnam.

I am glad that the Senator sent the testimony to the White House, because we had a spirited discussion of the subject when Ambassador Lodge was before the committee. We must continue to try to do something really effective and enduring in South Vietnam while the military is holding the situation. They cannot hold it forever.

Mr. FULBRIGHT. I honestly believe that the proposal was influenced partly by that discussion and that meeting. The proposal grew out of that meeting. Not all of it would be devoted merely to political education, but it is intended to take the emphasis away from the purely military and to convince the people of South Vietnam that they will have a future by lining up with the U.S. Government. If they will do so, we shall demonstrate that we mean it when we say that we wish to help that country reconstruct itself and to have a better life.

That is a part of it. It is partly psychological warfare. That is the way in which it is waged. We cannot engage exclusively in words; we must do something in substance.

Mr. MUNDT. What the Senator has said is true. Today at noon at the White House luncheon which the Senator and I attended I emphasized again to the Secretary of State, beside whom I was seated, the testimony that we received, the colloquy and the contributions which the distinguished chairman and all the rest of us made. It is not enough merely to concentrate on a military operation without doing something to improve the conditions of the country while we are holding it. Our committee has an idea as to how it ought to be done. Earlier on the floor today I made a statement as to how I thought it ought to be done through establishment of a freedom academy in America. But it is a bit disillusioning to hear that we are going clearly outside the area of the conflict to engage in the kind of reforms that are so badly needed in the area of the conflict.

Mr. FULBRIGHT. It is not clear outside. It is very close. It is not entirely disassociated.

Mr. MUNDT. It is close, but they ought not to miss the target even if the miss is close. They ought to be shooting at the bullseye.

If they are not shooting at the bullseye, they are not doing the job they should be doing. All the witnesses have said that we are failing at that point. We are not permitted to pass a piece of proposed legislation that we have been trying to pass for 6 years in order to give the people involved the necessary training for their jobs. We cannot win the cold war by the military alone. Untrained people and untrained villages cannot do it. We ought to train the villagers, but we ought to do something else. I hope that the Senator will use his influence, if the bill passes, to see that the major portion of the \$6 million is placed where the emergency and the need is the greatest. I have great confidence in his persuasive ability. I shall support his amendment reluctantly but with hope for improvement in the programming at the other end of the avenue.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DOMINICK. I have a very brief question to ask. I believe an answer to it will be helpful to me and other Senators.

How much are we now spending in terms of economic aid on a year-by-year basis in South Vietnam?

I notice in the report that \$46 million is designated for the Near East and southeast and \$44 million for the Far East. How much are we spending on economic aid in that area?

Mr. AIKEN. That was classified information. I believe the report came to the committee and was classified.

Mr. FULBRIGHT. This year's figure was not classified. In 1965 the amount is \$210 million.

Mr. AIKEN. I had the impression that the information was classified, but I may have been mistaken.

Mr. FULBRIGHT. The proposed amount is classified. They always classify that.

Mr. AIKEN. They classify everything that they think they might make a mistake on. To cover up their mistakes, they classify the information.

Mr. FULBRIGHT. The \$210 million is not classified. That is the amount for the fiscal year 1965.

Mr. DOMINICK. That is all kinds of economic aid, aid other than military.

Mr. FULBRIGHT. Economic aid, \$210,000,000.

Mr. AIKEN. Mr. President, that amount does not include the military expense of carrying on the war.

Mr. FULBRIGHT. Oh, no. That is only economic aid. The amount for military assistance is much greater than that.

Mr. AIKEN. That was the so-called economic assistance.

Mr. FULBRIGHT. That is correct. That is what the Senator from Colorado inquired about.

Mr. MURPHY. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. MURPHY. I asked my previous question because there is a continuance

of stories about the mishandling of aid. I have been told by people who have returned from that area—civilians, if you will—that it is a national scandal.

Mr. President, it certainly would be my purpose to send whatever aid is needed. I completely agree with the stated purposes. The experience is not new. The same thing happened in the Philippines 17 or 18 years ago. President Magsaysay handled it very well and without very much help from us. My objection is that we have heard the program has not been well handled. Obviously in the past some people have made mistakes. Now we are asked to repair the damage by letting the same people make more mistakes. We would merely add more money to the authorization.

Possibly the administration of the program is not proper. That is why I asked the question. I did so in the hope that a special group or team composed of people with immediate knowledge—possibly some of the people who had experience in the program in the Philippines—could handle the present situation in the Far East. Perhaps they could spend the money effectively.

Before I joined this body it was my contention for many years that while foreign aid is needed, the waste of the taxpayers' dollars in the administration of foreign aid has in the past been shocking and should not be allowed to continue. I see no reason why we should repair the damage merely by sending more money.

I wish the chairman of the committee could say that a special committee will be selected by the President to see that the job is done properly, in which case I would be glad to sit here and vote dollars all day—as long as I knew that they would be properly spent. But to continue to send good money after bad money, as the old expression goes, I cannot find it within my conscience to do.

Mr. FULBRIGHT. The Senator has mentioned a special committee. The Senator from Oregon [Mr. MORSE] offered an amendment, which was adopted by the committee, to provide for a special committee of 12 to review the whole question and make recommendations in the future. But I do not believe there is any possibility of any new administrator or new personnel coming in to administer the particular proposal we are discussing. There may be improvements and changes if the study comes in, but it will not be in time to affect the present proposal.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. COOPER. The Senator from Arkansas has served on the Foreign Relations Committee for many years and has been its distinguished chairman. I should like to ask him if in his experience he believes and knows that in the time we have been involved in Vietnam—of course, we have been involved there since 1950, but particularly since 1954—the United States, under any of the administrations, has had any plans for the economic development of South Vietnam to stabilize the economy of that country, to raise the living standard of the peo-

ple? Has it had any comprehensive project to the Senator's knowledge?

Mr. FULBRIGHT. I do not believe we have had a comprehensive project program for Vietnam alone. There has been a great deal of work done on the so-called Mekong Valley, the Mekong Basin project. That is comprehensive.

It is a continuing commission that has been studying the problem. It has not been only the United States. The commission is comprised of many participating countries. Our program in South Vietnam has been similar to others. It is not a comprehensive plan. At the moment, it is an attempt to alleviate the conditions.

One of the reasons there have never been long-term, comprehensive plans is the nature of the annual foreign aid bill. Congress has refused to give such a plan any long-term life. Every time such a plan has been proposed, it has been largely with an annual appropriation. We never knew what could be done from one year to the next. It has been handled as an annual program. Congress is more at fault than the administration.

Mr. COOPER. I remember the Senator's efforts to correct that situation.

Mr. FULBRIGHT. We failed, though.

Mr. COOPER. The Senator made a strong effort to provide a longer-term authorization. I was happy to support the Senator.

Our aid program for Vietnam has now been in existence for 11 years. It goes back to 1954, but unfortunately it seems we have not been able to bring about economic stability in South Vietnam, and to give much hope to its people. Does the Senator consider this amendment authorizing \$89 million for economic aid will give any greater economic stability and hope?

Mr. FULBRIGHT. What influences my judgment is that we find ourselves in a critical and dangerous military situation, a war that could expand into another Korea or even a world war. I do not know how to turn the program around.

What appeals to me the most about the proposal is the possibility—at least, I hope it is a probability—that the emphasis will be changed from escalating the war into construction or reconstruction and development in this area. I hope that this might at least add to the incentive for arranging some kind of truce, some turn-around of the ever-increasing escalation. I frankly do not like it. It is highly dangerous. With the possible use of nuclear weapons, and so on, I am pressed to try to do everything I can to improve conditions.

I do not know that this amendment will achieve the purpose. It is a good gesture and has substance to it. Our people can use it with persuasion upon the people of southeast Asia.

I was told by Mr. Black that the reception of the President's program has been favorable in areas that have not heretofore been friendly to us, such as Cambodia. He is going there to try to negotiate a bank modeled, although not precisely, after the Inter-American Bank. Others, in addition to ourselves, would

contribute capital. We would not contribute the majority of the capital, and he does not propose that we should. It will be an effort to try to turn this very dangerous, escalating war around, and to afford a new emphasis or a new look, if you like.

That is why I think the amendment is important. I do not know how we can get out of this situation without disaster. We can no longer withdraw. I believe that it does us no good to say that we should not have gone there. We are there. We are committed to be there. What are we going to do about it?

The amendment could help us to turn around and bring about better conditions in South Vietnam. It might give the Vietnamese people some hope that if they will support their own government and support our efforts, there will be hope at the end; whereas they may feel now that there is no hope and they do not care what happens.

Mr. COOPER. I agree with the Senator from Arkansas that in considering our situation in Vietnam, it does not do much good to talk about the past except as experience for the future.

Mr. FULBRIGHT. We are in a difficult situation.

Mr. COOPER. I do not think we are going to win this struggle or help the South Vietnamese to win it by military aid alone. In such a context, we shall have an escalated war, or we shall be in Vietnam for a long time as a holding force.

This proposal offers the only hope for the future. My problem is whether this is a part of a comprehensive plan which the administration is proposing, and which will move into the area of economic development or is it only an emergency proposal.

I am afraid it may be only a palliative. We stand by the President in this emergency without regard to party. I believe also that the people of South Vietnam will not choose a democratic system of government unless there is improvement in their standard of living. But any economic plan for South Vietnam must have a comprehensive long-range purpose. I will support such a program, but I am afraid that this request will not do the job. I hope that the administration will present a broad-scale program centered on the President's Johns Hopkins speech.

Mr. FULBRIGHT. The \$19 million is offered as a long-term plan, a Mekong Delta plan, that has been years in developing. It is somewhat like the TVA development, in which we are not prepared to build the whole program; we would only be participants. But the \$45 million is not a long-term plan. It is a rescue operation to keep the economy afloat.

Mr. HICKENLOOPER. Mr. President, it is not frequently that I disagree with my chairman, who devotes a great deal of time to these problems, or with the Committee on Foreign Relations, although I do disagree on occasion.

I have been greatly troubled by this amendment, and I am opposed to it. I am not opposed to it because of the \$89 million. We are spending \$2 billion a

year in South Vietnam. We have been spending hundreds of millions of dollars in South Vietnam for fertilizer, for village organization, and for developing new products in Vietnam, so that the natives of that country can adopt new means of making a better livelihood. We have been doing that for years.

In response to the question asked by the Senator from Kentucky [Mr. COOPER] a moment ago, we have had such a program. We have had one in South Vietnam since before hostilities began and to the extent they exist now in the full-scale war we have on our hands.

We had programs in the mountain areas to settle the mountain people of South Vietnam and to provide them with new crops. We had programs to form cooperatives for the marketing of their rice and the new products which we hoped to develop. We had programs to build access highways in that country, so that the farmers could ship their products to market.

We found that by applying fertilizer to the rice paddies, two bushels of rice could be grown where one bushel grew before. That virtually doubled the income. Hence we went further into marketing operations.

We have done a great deal in Vietnam, and a vast amount must be done in addition, before that country can have a vital economy, before it can have what we would call by any standard a self-supporting, modern economy. That will take a long time. I believe we must devote a tremendous amount of time and attention to try to accomplish these things.

But today we are in the throes of a conflict, of a war, that is taking place in the jungles. When I see proposed for the program today \$19 million to establish rural electric cooperatives there, I wonder how long the light bulbs would remain until the bandits came and take them out of the sockets. I wonder how long we could expect to have a successful operation of that kind.

First we must be able to pacify that country. There are two ways to go. We could go on the theory of pacifying the country purely by the force of arms, by shooting everything that moved. Or we could move to the other horn of the dilemma and try to pacify the country by educating the people in the villages, hoping that by such education they would gradually throw off the revolters.

The problem is difficult. But what bothers me is that—I think it was only last Thursday—suddenly over the airwaves came the announcement that it was proposed to spend \$89 million for the development of the Mekong River Delta. We had testimony—good so far as it went—from the Secretary of State. As I recall, that was on Friday. We had before us maps of the great Mekong River, its valley, and its tributaries.

It was my understanding from the outset, and the announcement was made, that this money would go into the development of the Mekong River Valley. That valley touches Cambodia. In fact, it goes through Cambodia. It touches Vietnam. It touches Laos. It is the boundary, in fact, for a great distance between Laos and Thailand. It affects

both North and South Vietnam. It is a vast river system.

It was my understanding, although later evidence did not seem to bear this out, that this was a proposal to develop a water system and, therefore, food producing and all other aspects of flood control which would be involved in the harnessing of this great Mekong River system.

Anyone who has seen that river system knows that it is a vast one. It is bigger than the Jordan, which we spent years in studying. However, there was an attempt, or a desire to report the bill favorably. The attempt was postponed, as I frankly requested. The committee very courteously agreed. I objected to reporting the bill on Friday when it had been announced, in effect, the night before. I thought that it was too soon and the information was too meager.

The thing that bothered me concerned what kind of a pig in the poke we would propose to buy with the \$89 million, what kind of commitments would we make toward the underwriting of a vast project which would cost literally billions of dollars before it was completed. How much of the cost would the United States have to underwrite? How much would we have to be responsible for in the years to come? Even granting that we may be able to pacify the situation and restore some kind of economic and political stability in Vietnam, what would we be buying with the \$89 million? We have all voted for literally billions of dollars on occasion. We have voted for hundreds of millions of dollars on occasion. However, on most occasions we knew what the future project would be. We knew what we were expected to meet down the road.

My objection is that I do not know what we are getting into. I find now that only \$19 million, or perhaps less than that, is proposed to be expended in the Mekong River Valley.

Mr. FULBRIGHT. It would be \$19 million in the Mekong River Valley.

Mr. HICKENLOOPER. It would be \$19 million in the Mekong River Valley. The rest of it would be something else again.

I was at the committee meeting this morning. I did not stay until the end of the meeting. I did not stay until the final vote. I did not leave in a huff. However, I left quite sure that the committee, in the majority, was going to vote to report the bill.

I announced at the time that my difficulty was that we could not support this proposal until we had a better definition or a better layout as to what the program would start with, and what burdens and pains we would take on with the particular program. If it were only \$89 million in South Vietnam, that would be one thing. I could look at that in one way. However, if we were to start a new collateral program there in addition to the program we already have there, I would want to know more about it. I would want to know what the future would be. I would want to know what we would be getting into.

It was for that reason, and not because of the \$89 million, that I thought it

would be unwise for us to vote for this program until we had a more detailed examination and a less emotional area than the sudden request of the President one night and a demand to vote the measure out the next day.

I am not enthusiastic about that kind of legislation. I think it is precipitous and does not merit support merely because someone asks for it.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. HICKENLOOPER. I yield for a question.

Mr. SALTONSTALL. Mr. President, I appreciate very much the advice of the Senator from Iowa and the Senator from Arkansas. As I read the measure, \$4 million is proposed to be added in technical development grants and some \$25 million is proposed to be added in support assistance.

The Senator has been talking about \$89 million. Where is the provision for the other money to make up the amount of \$89 million? What would that money go into?

Mr. FULBRIGHT. Mr. President, there would be \$9 million added to the committee bill in technical assistance and \$80 million in supporting assistance. It would be in those broad categories.

Mr. President, the Senator from Iowa is disturbed about not having all the details. As I recall, the Senate even more precipitately authorized and appropriated \$700 million, and no one knew whether that was to be used for nuclear bombs for Peiping, or what it was to be used for. They will do what they please with the money. I do not know why we seem to be willing to trust the military to do anything that they prefer to do, but yet we want to have every "i" dotted and every "t" crossed when economic assistance is involved. We have created the impression that the only thing we have confidence in is the military.

Mr. HICKENLOOPER. I do not agree that that is an analogy at all.

Mr. FULBRIGHT. Why not?

Mr. HICKENLOOPER. I believe that when we appropriate money for the military, we know what it is for. It is for war. It is for military activity.

Mr. FULBRIGHT. What the Senator is saying is that he has confidence in the military leaders and no confidence in the civilian leaders.

Mr. HICKENLOOPER. No, I do not agree with that. I do not know what we propose to do in the Mekong River Delta. However, in a military operation, victory is the goal that we seek.

Do we start in on the Mekong River operation and underwrite it from now until it is finished? We may have to continue with this for a generation. Do we propose to get other countries in on the operation? If so, to what extent? What will be their contributory share?

There are a dozen questions, or perhaps hundreds of questions of that kind. We have not explored the potential of the possible demands on us in the future.

For that reason, it would not be \$89 million. That would not be the amount involved. It would involve a program that I do not believe we have sufficiently

explored. I believe that it is too precipitate. For that reason I must oppose it.

Mr. MORSE. Mr. President, I am opposed to the amendment for the reason that the Senator from Iowa has pointed out. I am opposed to the amendment because I do not propose to subsidize the Vietcong to the tune of many millions of dollars. That is exactly what we would do if this bill were to be passed.

Who would get the money we would spend in the delta which is controlled by but the Vietcong? The delta will be controlled by the Vietcong for a long time to come. They control that area of South Vietnam. If we build up a rural electrification plan, if they do not destroy it, they will take it over. If we build up a cooperative, if they do not destroy it, they will take it over.

The program that we are talking about would be seized by the Vietcong. This would end as a subsidization and strengthening of the Vietcong. Most people do not seem to realize the strength of the Vietcong in this part of South Vietnam. We cannot be spending money for economic aid projects in that part of the country as long as the Vietcong rules it. We would like to think that we can pour in some American dollars, and that they will bribe the people of the villages, and that then the people of the villages will come over to the side of the United States. But such a view could not be more incorrect; and the events which already have transpired there show how wrong it is. We have been spending money there for a long time.

What is the information we obtain from people who return from that area and give us the results of their surveys, studies, and observations of the results of our program in this part of Vietnam? They tell us that our program there has not weakened the Vietcong; instead, it has strengthened the Vietcong. The Vietcong are running these villages and hamlets, and are collecting the taxes, and are appointing the officials. Yet it is proposed that, in the midst of this war, we spend there this large amount of money.

In my opinion, there is no difference between what the administration proposes to do by means of the \$89 million and the aid we are already pouring into the Vietcong-controlled areas of South Vietnam. We must face the fact that this is a proposal for another psychological boost for the administration's program that is going awry in South Vietnam.

When I heard the recent argument in favor of providing the \$700 million, I realized that I had then heard almost everything. A few minutes ago it was argued, here on the floor of the Senate, that after we had voted for the \$700 million, we could not well object to the present request for \$89 million. However, I point out that we did not know much about where the \$700 million would go; and I say to the Senator from Iowa [Mr. HICKENLOOPER] that we do not know, either, where this \$89 million will go. Most of it will go into the category of

supporting assistance, a category that Congress has striven mightily to reduce because it is a giveaway category.

The Senator from Iowa [Mr. HICKENLOOPER] was quite correct when he pointed out that the administration has, after giving us only a few hours' notice, asked for this amount, on a rubber-stamp basis. We have not received sufficient depth of explanation as to whether this money will help us win the war in Vietnam or whether it will weaken our chances of winning the war there. Therefore, we must face the fact that the war there must be settled before we can have the very broad, expansive program that I believe we should have for the economic development of that area—but not in a situation in which the Vietcong control.

Mr. CLARK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CLARK. I have great respect for the judgment of the Senator from Oregon; but I should like to test the accuracy of his statement to the effect that the Vietcong will get all this money. On the basis of the published request made by representatives of the administration before the Foreign Relations Committee, it is clear that \$45 million of the \$89 million is for commodity imports, to feed the people there. Does the Senator from Oregon think those commodities will be used to feed the Vietcong?

Mr. MORSE. The record shows perfectly clearly that great quantities of materials we have sent into this part of Vietnam have been taken by the Vietcong, even before they had been distributed by the U.S. distributors. The Vietcong drove out our assistance and aid people, and got the credit for the material we sent there; and the Vietcong will do it with these commodities, too.

Mr. CLARK. With all due respect to the Senator from Oregon, I take the position that very little—

Mr. MORSE. The Senator from Pennsylvania does not know what he is talking about, because if he had read the report, he would not make such a statement.

Mr. CLARK. I take the position that very, very little—

Mr. MORSE. The Senator from Pennsylvania wants to have us proceed on a rubberstamp basis; but I do not join the Senator from Pennsylvania in the sophistries engaged in in trying to alibi for the administration in connection with giving away, for the benefit of the Vietcong, large amounts of the money of the taxpayers of the United States. The Senator from Pennsylvania can vote for that if he wishes to; but I will not vote for it, for the Vietcong are running the show there, and such a program will not stop them from running it. The Vietcong will be stopped only by our first winning the war there. So we can clearly see what would happen by following the course the Senator from Pennsylvania favors.

Mr. CLARK. Mr. President, if the Senator from Oregon does not wish to yield to me, I shall wait until I obtain the floor in my own right.

Mr. MORSE. I yielded to the Senator from Pennsylvania, at his request.

Mr. CLARK. Yes, but I do not intend to be constantly interrupted when I am in the midst of a sentence.

Mr. MORSE. Mr. President, who is doing the interrupting? The Senator from Pennsylvania asked me to yield; and I yielded to him. Then he made a comment about my statement, and I answered his comment. He did not like the information I gave him then. He never does like to be answered by the facts; he either runs off the floor when some Senator tries to answer him, or he gets into the kind of personal dispute he has brought up now. Mr. President, I am used to his arguments.

Mr. President, I wish to say that in my judgment we have here a great opportunity to do something in connection with Vietnam by first of all making perfectly clear to the President that we are going to back him if he will come forward with a specific economic aid program that will show that we are not going to be helping the enemy. But I will not vote for the building of an REA in the Vietcong-controlled part of South Vietnam, and then think I am saving the taxpayers some money or am doing something to help win this war. Of course the Vietcong will take over such developments. Any physical investment we make there before the Vietcong are whipped or before this war is settled on the basis of a negotiated settlement will play right into the hands of the Vietcong; and I do not think we can justify voting for this request, so that the administration can propagandize the American people by saying, "We are going to spend \$19 million in South Vietnam." My prediction now is that the money will not be spent there, because the administration will find, on the basis of its own investigation, that we would be throwing the money away if it were spent before the war is settled in the part of Vietnam that at the present time is not run by the United States or by the South Vietnamese, but is run by the Vietcong. I think it is perfectly silly to be talking about spending millions of American dollars in an area that is presently controlled by our enemy.

Mr. CLARK. Mr. President, I shall be very brief.

I ask Senators the Members of the Senate to arrive at their own considered judgments as to how much of the \$89 million the administration has requested is likely to end up in the hands of the Vietcong.

The largest single item is \$45 million for commodity imports. I have read both favorable reports and unfavorable reports in connection with our aid activities in Vietnam. My own view is that very little, if any, of the \$45 million will not go exactly where we would like to have it go—that is, to the people of South Vietnam who are resisting the Vietcong.

Six million dollars will go for training in small-scale village projects in Laos and Thailand. It seems to me highly unlikely that any of that money would go to the Vietcong.

Seven million dollars will go for medical services in Vietnam, Laos, and Thailand. Some of it might be used for the treatment of wounded prisoners of the Vietcong—but very little of it, I suspect. I doubt that any substantial part of that medical aid item would go to the Vietcong.

Seven million dollars will go for agricultural development and for industrial expansion. It might well be that if the Vietcong were to overrun areas where our AID people were foolish enough to put the \$7 million, some of it might inure to the benefit of the Vietcong. My guess is that our administrators will not be foolish enough to put that money into areas where the Vietcong has taken over.

Five million dollars is to go for hydroelectric projects in South Vietnam. That program already has received the approval of Mr. Clyde Ellis, whom all of us know, and for whom we have great respect. I cannot believe that he will see that money put into areas or programs in areas where the Vietcong will get the benefit of it.

Nineteen million dollars will go for the development of the Mekong River Basin, which includes parts of Cambodia, Thailand, and Laos. In my judgment, it is highly unlikely that that \$19 million will go to the Vietcong.

So I state, as my position, that this money will go for useful purposes, that the plan has been well thought through, and that the amendment should be supported.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Virginia [Mr. BYRD], the Senator from Tennessee [Mr. GORE], the Senator from Alabama [Mr. HILL], the Senator from Hawaii [Mr. INOUE], the Senator from Washington [Mr. MAGNUSON], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Georgia [Mr. RUSSELL], the Senator from Maryland [Mr. TYDINGS], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Missouri [Mr. SYMINGTON], are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Rhode Island [Mr. PELL], and the Senator from South Carolina [Mr. RUSSELL], are necessarily absent.

I further announce that, if present and

voting, the Senator from Illinois [Mr. DOUGLAS], the Senator from Hawaii [Mr. INOUE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MONDALE], the Senator from Rhode Island [Mr. PELL], the Senator from Missouri [Mr. SYMINGTON], the Senator from Maryland [Mr. TYDINGS], and the Senator from New Jersey [Mr. WILLIAMS], would each vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH], is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Virginia would vote "nay."

On this vote, the Senator from Georgia [Mr. RUSSELL] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Georgia would vote "nay" and the Senator from Rhode Island would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from New York [Mr. JAVITS], the Senator from California [Mr. KUCHEL], the Senator from Kentucky [Mr. MORTON], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from New Jersey [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business.

If present and voting, the Senator from New Jersey [Mr. CASE], the Senator from New York [Mr. JAVITS], and the Senator from California [Mr. KUCHEL] would each vote "yea."

The result was announced—yeas 42, nays 26, as follows:

[No. 108 Leg.]

YEAS—42

Allott	Harris	Metcalf
Anderson	Hart	Montoya
Boggs	Hartke	Mundt
Brewster	Hayden	Nelson
Byrd, W. Va.	Holland	Proxmire
Cannon	Jackson	Ribicoff
Church	Jordan, N.C.	Saltonstall
Clark	Long, Mo.	Scott
Dirksen	Long, La.	Smathers
Dodd	Mansfield	Smith
Dominick	McCarthy	Sparkman
Ervin	McGovern	Stennis
Fong	McIntyre	Yarborough
Fulbright	McNamara	Young, Ohio

NAYS—26

Alken	Ellender	Murphy
Bartlett	Fannin	Pearson
Bennett	Gruening	Robertson
Bible	Hickenlooper	Talmadge
Burdick	Hruska	Thurmond
Cooper	Jordan, Idaho	Tower
Cotton	McClellan	Williams, Del.
Curtis	Miller	Young, N. Dak.
Eastland	Morse	

NOT VOTING—32

Bass	Kennedy, N.Y.	Pastore
Bayh	Kuchel	Pell
Byrd, Va.	Lausche	Prouty
Carlson	Magnuson	Randolph
Case	McGee	Russell, S.C.
Douglas	Mondale	Russell, Ga.
Gore	Monroney	Simpson
Hill	Morton	Symington
Inouye	Moss	Tydings
Javits	Muskie	Williams, N.J.
Kennedy, Mass.	Neuberger	

So Mr. FULBRIGHT's amendment was agreed to.

AMENDMENT NO. 233

Mr. FULBRIGHT. Mr. President, I call up my amendment 233 and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Arkansas [Mr. FULBRIGHT] proposes an amendment—

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered; and the amendment will be printed in the RECORD as this point.

The amendment (No. 233), offered by Mr. FULBRIGHT, is as follows:

On page 14, between lines 13 and 14, insert the following:

"(h) Amend section 511, which relates to restrictions on military aid to Latin America, as follows:

"(1) In subsection (a), strike out 'a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense, and insert '\$25,000,000 may be used for assistance to an inter-American military force under the control of the Organization of American States'.

"(2) Amend subsection (b) to read as follows:

"(b) to the maximum extent feasible, military assistance shall be furnished to American Republics only in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit quarterly reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection."

On line 14, strike out "(h)" and insert "(i)".

Mr. FULBRIGHT. Mr. President, I do not expect to ask for a ye and nay vote tonight. I merely wish to make the amendment the pending business and take it up tomorrow.

ORDER FOR ADJOURNMENT— ORDER OF BUSINESS

Mr. MORSE. Mr. President, if I may have the attention of the majority leader and the minority leader, I should like to inquire about the plan for meeting tomorrow.

Mr. MANSFIELD. Mr. President, it is the intention to have the Senate convene at 12 o'clock. I ask unanimous consent that when the Senate completes its business tonight, it adjourn until 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I suggest that the majority leader give consideration to convening at 11 o'clock and to entering into a unanimous-consent agreement on the pending amendment.

Mr. MANSFIELD. I wish it were possible to comply with the Senator's request. Unfortunately, the Committee on Finance is holding hearings on excise tax legislation. As the Senator well knows, this is a very important subject, which runs into a time limitation at the end of this month.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE ON PENDING AMENDMENT

Mr. MORSE. I suggest that a unanimous-consent agreement be entered into to vote on this important amendment tomorrow. We may not be able to get a vote tomorrow unless we can enter into an arrangement whereby we could have an early vote, perhaps by having 45 minutes of debate on each side.

Mr. MANSFIELD. Mr. President, I ask unanimous consent—and I hope this will meet with the approval of the Senate—that there be an hour and a half of debate allowed on the pending amendment, the time to be equally divided, 45 minutes to be under the control of the Senator from Arkansas [Mr. FULBRIGHT], the proponent of the amendment, and 45 minutes under the control of the majority leader or whomever he may designate.

The ACTING PRESIDENT pro tempore. It there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That after the Senate convenes on Tuesday, June 8, 1965, debate on the pending amendment, No. 233, proposed by the Senator from Arkansas [Mr. FULBRIGHT] to the bill S. 1837, a bill to further amend the Foreign Assistance Act of 1961, as amended, and for other purposes, be limited to 90 minutes, to be equally divided and controlled by the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Montana [Mr. MANSFIELD] or any Senator designated by him.

ORDER FOR RECESS UNTIL 12 O'CLOCK NOON TOMORROW

Mr. MANSFIELD. Mr. President, in view of the situation that has developed, I ask unanimous consent that when the Senate completes its business this evening, it not adjourn, but recess until 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, because of the time limitation that has been entered into I would suggest that the transaction of morning business be postponed until after the Senate concludes the consideration of the pending amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. I thank the minority leader and majority leader and the chairman of the Committee on Foreign Relations.

Mr. YARBOROUGH. Mr. President, has the order been entered for the Senate to recess until 12 o'clock noon tomorrow?

Mr. MANSFIELD. The Senator is correct.

Mr. MORSE. Mr. President, I send to the desk certain amendments to the foreign aid authorization bill. This is my

first batch. I ask that they be printed and lie on the table.

The ACTING PRESIDENT pro tempore. Without objection, the amendments will be received and printed, and will lie on the table.

RECESS UNTIL 12 O'CLOCK NOON TOMORROW

Mr. SPARKMAN. Mr. President, if there is no further business to come before the Senate, I move, under the previous order, that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 55 minutes p.m.) the Senate recessed, under the previous order, until tomorrow, Tuesday, June 8, 1965, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 7, 1965:

DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

Edward Burling, Jr., of the District of Columbia, to be a member of the District of Columbia Redevelopment Land Agency for the term expiring March 3, 1970, vice John L. Newbold, term expired.

U.S. MARSHAL

Elmer W. Dissapayne, of Tennessee, to be U.S. marshal for the middle district of Tennessee for the term of 4 years. He is now serving in this office under an appointment which expired May 24, 1965.

PUBLIC HEALTH SERVICE

The following candidates for personnel action in the regular corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

I. For permanent promotion:

To be senior surgeons

James P. Shortal	Nicholas J. Galluzzi
Clifford E. Nelson	Albert Sjoerdama
Donald A. Carlyle	Richard A. Prindle
Norman Tarr	John W. Gashman
D. Wells Goodrich	Eugene J. Vanscott
Walter H. Freygang	Leon Rosen
Stanley F. Yolles	Robert S. Gordon, Jr.
Sherman N. Kieffer	Warren A. Rasmusson
David M. Fried	Burton S. Eggertsen,
Nicholas C. Leone	Jr.
Albert L. Steplock	Martin D. Hicklin
Alfred S. Ketcham	Martha R. Wilson
Francis T. Flood	Charles H. Lithgow
Karl F. Urbach	John H. Ackerman
Maurice L. Sievers	Carl S. Shultz
James L. Deadvyler	Robert A. Marks, Jr.
Robert DeLashmutt	John H. Edgcomb

To be surgeons

James A. Richardson	Kurt W. Kohn
William B. Furgerson,	Albert C. Diddams
Jr.	Charles L. Greenblatt
Robert R. Fletcher	Robert L. Dernlan
Edward J. Hinman	Jacob A. Brody
Ferdinand R. Hassler,	Philip R. B. McMaster
Jr.	Robert B. Couch
John R. S. Remsberg	Isao Hoshiwara
James E. Wesley	Albert Z. Kapikian
Charles L. Donaldson	Arvo B. Ederma
George H. Longen-	Harry P. Anastopoulos
baugh	Robert C. Hoye
Walter E. Williamson,	Harold E. Ramsey
Jr.	Joseph P. O'Malley
Robert E. Streicher	Axel W. Noke
John C. Bailar III	Saul W. Rosen
Norman C. Telles	Victor J. Albertazzi
James R. Warbasse	Fred E. Tosh
Robert E. Markush	Roland W. Sonntag
David K. Wagner	Peter G. Contacos
David L. Aronson	John R. Gill, Jr.
George P. Sperry	Lammie D. Hawthorne
H. Bruce Dull	Don R. Hamilton

To be senior assistant surgeons

Allan L. Brackensiek
Enrique Piovanetti-Pietri

To be senior dental surgeon

Harold R. Stanley, Jr.

To be dental surgeons

Jerry D. Nishwander	Richard B. McDowell
Keith C. Winkler	Russell O. Glaucer
James R. Hull	John W. Vitaruvus
Jack W. Gamble	Ray W. Alcox
Clair L. Gardner	George L. Crocker
James W. Miller	Wayne R. Jameson
Reginald N. Edwards	Richard S. Law
Clement K. Schmitt	Thomas E. McClellan

To be senior sanitary engineers

Ronald E. Bales	Charles V. Wright, Jr.
Paul F. Woolrich	Joseph W. Fitzpatrick
James B. Coulter	James A. Anderegg
George W. Burke, Jr.	Everett L. MacLeman
Dade W. Moeller	Gordon E. Stone
Richard D. Coleman	Zakok D. Harrison
Roy O. McCaldin	Albert G. Friend

To be sanitary engineers

Herbert R. Pahren
Julius J. Sabo
William A. Rosenkranz

To be senior assistant sanitary engineers

Richard L. Douglas	David E. Bernhardt
Dale B. Parke	Allen H. Palmer
Denis J. Prager	Robert W. Zeller
Charles F. Costa	Herbert M. Dawson
James D. Russell	Richard F. Wromble
Marvin Rosenstein	Howard D. Metz
William L. Ryan	Richard F. Boggs
Daniel L. Petke	Frank E. Hall
Phillip L. Taylor	William A. Felsing,
Lawrence J. Perez, Jr.	Jr.
Samuel B. McKee	Maris Pubulis
Robert H. Reeves	Joseph R. Franz-
William F. Buchholz,	mathes
Jr.	Charles H. Wentworth
Jerry L. Butler	III
Thomas H. Moore	Elwyn Holtrop
John B. Wheeler	John K. Carswell
Richard L. Mikkelsen	James V. Waskiewicz
Peter Y. Bengtson	Ronald F. Coene
William E. Barkley	

To be assistant sanitary engineers

Robert G. Britain	Larry E. Crane
Robert P. Stein	Warren W. Church
Malcolm B. Reddoch	Wilbur Van Dokken-
Perry S. Plexico	berg, Jr.
Walter G. Gilbert	Wayne T. Craney
Bruce H. Burnett	Francis W. Norris, Jr.
David K. Smith	Thomas P. Glavin
Dean R. Chaussee	Joseph P. Mastro-
Patrick J. Godsil	mauro
Bobby L. Dillard	James K. Michels
John R. O'Connor	William S. Properzlo
Gary S. Logsdon	Jerome P. Wiener
John J. Convery	Robert N. Snelling
Michael B. Spear	Harry F. D. Smith, Jr.
Lawrence A. Schmid	Robert C. Dunlap
Frank L. Rothfuss,	Dale A. Stevenson
Jr.	

To be pharmacists

Gene G. Knapp	H. Thomas Wagner,
Paul J. Lesage	Jr.
Wesley R. Gladhart,	Mark H. Barnett
Jr.	John H. Herath

To be senior assistant pharmacists

Leighton H. Tooms	Richard R. Ashbaugh
Robert L. Childress	Ronald A. Gomes
Lyle M. Glascock	Walter Jakubowski
Edward C. O.	William P. Heffernan
Brennan	Dan Y. Miura
Laurence D. Sykes	Nancy B. Finch
John J. Picoro, Jr.	Raymond J. Farkas

To be assistant pharmacists

Louis C. Fras
Maurice H. Lacerte
Edwin A. Gailbreath

To be senior scientists

Kelsey C. Milner	John H. Weisburger
Edward M. Scott	Elizabeth K.
Thomas W. Haines	Weisburger
Richard Q. Bell	Albert S. Perry

To be scientists

George P. Kubica

To be nurse officers

Rudolph P. Zalesak	Patricia P. Grimalla
Elizabeth A. Zacha	Alice M. Haggerty
Ellen I. McDonald	Theresa M. La
Frances D. Marancelli	Lancette
Lawrence A. Levine	Alice E. Duncan

To be senior assistant nurse officers

Ray Cameron
Sidney S. Louis

To be assistant nurse officer

Nan P. Drake

To be senior veterinary officers

Preston Holden
William Kaplan

To be veterinary officer

Gordon D. Wallace

To be dietitians

Jane A. Davidsaver
Louise L. Boyer
Molette M. Jacobson

To be senior assistant dietitian

Carol J. Bresley

To be therapists

William E. Cox	Marlo L. Salvaneli
Melvin Bader	Vincent J. Barbato
Martha M. Lasche	Howard M. Fisher
Lawrence Sidel	Lennes A. Talbot

To be senior assistant therapists

Robert Divengood
James L. Werner

To be assistant therapist

Joseph B. Hayden

To be health services officers

Robert N. Beauregard	Paul Blank
Robert J. Mahon	Paul E. Jones
Charles F. Froom	Kenneth R. Nelson, Jr.

To be senior assistant health services officers

Robert M. Moroney	Robert A. Haaf
Charles W. Roach	Gerald Katz

To be assistant health services officer

James E. DeLozier

The following named persons to be postmasters:

ARKANSAS

Ruth A. Parker, Lincoln, Ark., in place of A. W. Bishop, resigned.

CALIFORNIA

Gordon W. Clancy, Barstow, Calif., in place of W. C. Upton, retired.
Noel W. Bassett, Fall River Mills, Calif., in place of M. A. Bartle, retired.
Arpad J. Sutch, Hermosa Beach, Calif., in place of A. H. Morgenstern, retired.
Robert S. Gleason, Oceanside, Calif., in place of F. H. Lauraine, retired.
Nellie F. Chandler, Shingletown, Calif., in place of L. I. Miller, retired.
Mary L. Charlesworth, Sunland, Calif., in place of M. M. Kearns, retired.
William D. Wilson, Sun Valley, Calif., in place of Fred Jacobsen, retired.
Louise A. McCallen, Truckee, Calif., in place of R. T. Higgins, resigned.
Cleo B. McKnight, Tupman, Calif., in place of O. M. Love, retired.
Eunice V. Isaman, Valyermo, Calif., in place of G. C. Brandenburg, retired.

COLORADO

Edward G. Ruhter, Empire, Colo., in place of T. N. Nelson, retired.
Kenneth W. Simon, Naturita, Colo., in place of Maggie Jacobsen, retired.

CONNECTICUT

Daniel A. Shembreski, Oakville, Conn., in place of C. T. Kelly, retired.
Doris P. Boivin, South Woodstock, Conn., in place of M. L. White, retired.

DELAWARE

Herbert L. Semans, Magnolia, Del., in place of H. C. Whitney, resigned.

FLORIDA

Clifford E. Baxter, Delray Beach, Fla., in place of L. E. Diggins, deceased.
Wilton P. Banks, Pompano Beach, Fla., in place of W. W. Parrish, deceased.
James P. Seckinger, Wildwood, Fla., in place of E. A. Phillips, deceased.

GEORGIA

Jefferson S. McRae, Mount Vernon, Ga., in place of Anna Morrison, retired.

IDAHO

Ardinelle L. White, Pierce, Idaho, in place of M. J. Williams, retired.

ILLINOIS

Lorman P. Wehling, Cottage Hills, Ill., in place of C. A. Ray, retired.
Robert C. Wright, Marseilles, Ill., in place of G. M. Farrell, retired.
R. Dean Rogers, Mulkeytown, Ill., in place of J. D. Cook, retired.
Allen D. Weker, Olney, Ill., in place of J. L. Schaub, transferred.
John C. Wenger, Rock City, Ill., in place of R. J. Hofmeister, retired.
Lela Green, Wheeler, Ill., in place of J. A. Leturno, retired.

INDIANA

Leo J. Rouhier, Goodland, Ind., in place of F. E. Louette, retired.
Hazel R. Tudor, Stilesville, Ind., in place of M. T. Keller, retired.

IOWA

Leslie N. Blitgen, Bellevue, Iowa, in place of G. L. Beeler, retired.
Ronald D. Stewart, Braddyville, Iowa, in place of L. G. McMullan, retired.
Harlan Morgan, Castana, Iowa, in place of L. H. McDonald, transferred.
William G. Gantz, Onawa, Iowa, in place of J. F. Cooper, transferred.
Arnold F. Brehmer, Peterson, Iowa, in place of J. L. Brown, transferred.

KENTUCKY

William H. Miller, Campton, Ky., in place of Jack Smith, retired.
Mildred K. Skaggs, Crockett, Ky., in place of Lee Skaggs, retired.
Jack L. Hopgood, Morganfield, Ky., in place of C. H. McElroy, retired.

LOUISIANA

August M. Hofmann, Jr., Reserve, La., in place of M. J. Donaldson, resigned.
Marion D. Morris, Saint Francisville, La., in place of A. S. Daniel, retired.

MAINE

William C. Abelli, East Winthrop, Maine, in place of L. F. Mace, retired.

MARYLAND

Andrey M. MacWilliams, Churchton, Md., in place of M. C. Dawson, retired.

MASSACHUSETTS

Raymond J. Decker, Chesterfield, Mass., in place of W. H. Baker, retired.
Norman D. Potter, South Lee, Mass., in place of A. I. Brown, retired.
Chester J. Martin, Turners Falls, Mass., in place of J. T. Shanahan, retired.

MICHIGAN

Earl Engle, Jr., Woodland, Mich., in place of M. E. Sifton, retired.

MINNESOTA

Donald C. Stroman, Alberta, Minn., in place of R. W. Treischel, retired.
Vernon D. Desing, Barnesville, Minn., in place of J. E. Pasch, retired.
J. Sherman Kerr, Bemidji, Minn., in place of A. J. Breen, retired.
Sheldon H. Peterson, Grygla, Minn., in place of F. A. Brown, retired.
Squire H. Holmes, Middle River, Minn., in place of Mary Davidson, resigned.
Daniel J. O'Connell, Orr, Minn., in place of O. A. Ofstad, retired.
Clifton E. Brevik, Twin Valley, Minn., in place of A. E. Jones, retired.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C. 20250

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U. S. Department of Agriculture

Issued June 9, 1965

For actions of June 8, 1965

89th-1st; No. 103

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HIGHLIGHTS: House passed bill to continue export control. House committee reported cigarette labeling and advertising bill. House subcommittee approved cropland adjustment provision of farm bill. Senate passed Treasury-Post Office-Executive Office appropriation bill. Senate debated foreign aid authorization bill. Rep. Celler commended USDA's implementation of directives on civil rights.

HOUSE

1. EXPORT CONTROL. Passed, 387-1, as reported H. R. 7105, to continue the Export Control Act for 4 years. pp. 12375-92
2. TOBACCO. The Interstate and Foreign Commerce Committee reported with amendments H. R. 3014, to regulate the labeling and advertising of cigarettes (H. Rept. 449). p. 12427
3. CROPLAND ADJUSTMENT. The "Daily Digest" states: "Committee on Agriculture: On June 7 the Subcommittee on Conservation and Credit met in executive session and ordered reported favorably to the full committee the cropland adjustment provision of the farm bill." p. D495
4. LEGISLATIVE APPROPRIATION BILL. Passed without amendment this bill, H. R. 8775,

which includes items for the Government Printing Office and the Library of Congress. Regarding a new GPO building, the committee report states that construction funds were omitted from the bill "without prejudice to future reconsideration" because of uncertainty regarding the site and objections raised by the printing industry. pp. 12366-75

5. HOUSING. Rep. Barrett spoke in favor of early debate on the President's housing bill, H. R. 7984. pp. 12392-3
6. BUDGETING. Rep. Widnall spoke in favor of H. R. 8725, to modernize congressional budget review, subject the Budget Director and his Deputy to Senate confirmation establish a Joint Subcommittee on the Federal Budget and Fiscal Policy in the Joint Economic Committee, and strengthen the functions of the General Accounting Office. pp. 12400-5

SENATE

7. TREASURY, POST OFFICE, AND EXECUTIVE OFFICE APPROPRIATION BILL, 1966. Passed as reported this bill, H. R. 7060. Senate conferees were appointed. House conferees have not yet been appointed. pp. 12332-6
8. FOREIGN AID. Continued debate on S. 1837, the foreign aid authorization bill (12310-32, 12342-3, 12363-4). Rejected by a vote of 29 to 11 an amendment by Sen. Proxmire to bar the use of Federal funds for the payment of barter agents' commissions, including those relating to CCC (p. 12332).
9. PATENTS. The Judiciary Committee reported with amendments H. R. 4185, to fix the fees payable to the Patent Office (S. Rept. 301). p. 12337
10. WATER RESEARCH. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee without amendment S. 24, to expand, extend and accelerate the saline water conversion program conducted by Interior. p. D493
11. FOOD PRODUCTION. Sen. Simpson commended a report by Agricultural Economist Lester Brown, "Increasing World Food Output," and inserted two newspaper articles discussing this report. pp. 12345-7
12. WILDLIFE. Sen. Hruska spoke in support of his bill to permit the use within Canada of certain funds for the conservation of migratory waterfowl and inserted several articles on the subject. pp. 12347-8

ITEMS IN APPENDIX

13. DAIRY; FARM PROGRAM. Rep. McClory inserted Wisc. Gov. Knowles' speech paying tribute to American agriculture. pp. A2935-6
14. FOOD PRICES. Rep. May inserted an article, "Why Housewives Are Paying More For Food." p. A2938
15. ECONOMY. Extension/^{of remarks} of Rep. Martin criticizing economic policies of the administration and urging "a return to sound fiscal policies." pp. A2949-50
16. CIVIL RIGHTS. Extension of remarks of Rep. Celler commending this Department's action to implement congressional and executive directives regarding civil rights. pp. A2950-1



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WASHINGTON, TUESDAY, JUNE 8, 1965

No. 103

Senate

(Legislative day of Monday, June 7, 1965)

The Senate met at 12 o'clock meridian, at the expiration of the recess, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Almighty God, Father of our spirits: As again in the stewardship of public responsibilities Thy servants in this forum of freedom turn to waiting tasks, may the love of dear ones, the confidence of those who trust them, the spur of conscience to measure up to their best, and the commanding call of goodness be the white stars to lead them on, as they follow the gleam of the Kingly Light.

In this troubled and uncertain day, when the seamless robe of our common humanity is rent by inner strife and outward fears and foes, gird us to be ministers of reconciliation and to be anxious for nothing but to do the right, as Thou dost give us to see the right.

In these days of destiny, may we know no glory save the supreme satisfaction of rendering to the Republic and to the world our utmost service, unsullied by base motives of self-interest.

At this altar of devotion, we pledge anew unswerving firmness of purpose in the fulfillment of the high and holy cause of human dignity to which the forces of freedom are committed, as the fiercest battle of the ages is being waged in our day on this torn and tortured earth.

May this be the victory—even our faith—which overcomes the world of darkness.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 7, 1965, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Geisler, one of his secretaries, and he announced that

on June 5, 1965, the President had approved and signed the act (S. 339) to provide for the establishment of the Agate Fossil Beds National Monument in the State of Nebraska, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 1000) to amend the act of July 29, 1954, as amended, to permit transfer of title to movable property to agencies which assume operation and maintenance responsibility for project works serving municipal and industrial functions, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 399. An act to provide adjustments in order to make uniform the estate acquired for the Vega Dam and Reservoir, Collbran project, Colorado, by authorizing the Secretary of the Interior to reconvey mineral interests in certain lands;

H.R. 903. An act to add certain lands to the Kings Canyon National Park in the State of California, and for other purposes;

H.R. 1732. An act to extend the act of September 26, 1961, relating to allotment and assignment of pay, to cover the Government Printing Office, and for other purposes;

H.R. 1771. An act to establish a 5-day workweek for postmasters, and for other purposes;

H.R. 3157. An act to amend the Railroad Retirement Act of 1937 to eliminate the provisions which reduce the annuities of the spouses of retired employees by the amount of certain monthly benefits;

H.R. 5252. An act to provide for the relief of certain enlisted members of the Air Force;

H.R. 5280. An act to provide for exemptions from the antitrust laws to assist in safeguarding the balance-of-payments position of the United States;

H.R. 5842. An act to amend the Lead-Zinc Small Producers Stabilization Act of October 3, 1961;

H.R. 5860. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe;

H.R. 6686. An act to amend the Civil Service Retirement Act in order to correct an inequity in the application of such act with respect to the U.S. Botanic Garden, and for other purposes;

H.R. 7042. An act to amend section 402(d) of the Federal Food, Drug, and Cosmetic Act;

H.R. 7762. An act to amend titles 10 and 37, United States Code, with respect to the Reserve Officers' Training Corps;

H.R. 7954. An act to amend the Communications Act of 1934 to conform to the Convention for the Safety of Life at Sea, London (1960);

H.R. 8147. An act to amend the Tariff Schedules of the United States with respect to the exemption from duty for returning residents, and for other purposes; and

H.J. Res. 431. Joint resolution extending the duration of copyright protection in certain cases.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 399. An act to provide adjustments in order to make uniform the estate acquired for the Vega Dam and Reservoir, Collbran project, Colorado, by authorizing the Secretary of the Interior to reconvey mineral interests in certain lands;

H.R. 903. An act to add certain lands to the Kings Canyon National Park in the State of California, and for other purposes;

H.R. 5842. An act to amend the Lead-Zinc Small Producers Stabilization Act of October 3, 1961; and

H.R. 5860. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

H.R. 1732. An act to extend the act of September 26, 1961, relating to allotment and assignment of pay, to cover the Government Printing Office, and for other purposes;

H.R. 1771. An act to establish a 5-day workweek for postmasters, and for other purposes; and

H.R. 6686. An act to amend the Civil Service Retirement Act in order to correct an inequity in the application of such act with respect to the U.S. Botanic Garden, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 3157. An act to amend the Railroad Retirement Act of 1937 to eliminate the provisions which reduce the annuities of the

spouses of retired employees by the amount of certain monthly benefits; and

H.R. 7042. An act to amend section 402(d) of the Federal Food, Drug, and Cosmetic Act; to the Committee on Labor and Public Welfare.

H.R. 5252. An act to provide for the relief of certain enlisted members of the Air Force;

H.R. 5280. An act to provide for exemptions from the antitrust laws to assist in safeguarding the balance of payments position of the United States; and

H.J. Res. 431. Joint resolution extending the duration of copyright protection in certain cases; to the Committee on the Judiciary.

H.R. 7762. An act to amend titles 10 and 37, United States Code, with respect to the Reserve Officers' Training Corps; to the Committee on Armed Services.

H.R. 7954. An act to amend the Communications Act of 1934 to conform to the Convention for the Safety of Life at Sea, London (1960); to the Committee on Commerce.

H.R. 8147. An act to amend the Tariff Schedules of the United States with respect to the exemption from duty for returning residents, and for other purposes; to the Committee on Finance.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MANSFIELD. Is the Senate operating under controlled time?

The VICE PRESIDENT. Under the unanimous-consent agreement entered into, immediately upon meeting the Senate proceeded to operate on controlled time.

Mr. MANSFIELD. Mr. President, I yield myself 1 minute.

The VICE PRESIDENT. The Senator from Montana is recognized for 1 minute.

SUBCOMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Subcommittee on Employment and Manpower of the Labor and Public Welfare Committee, the Subcommittee on Juvenile Delinquency of the Judiciary Committee, and the Subcommittee on Constitutional Rights of the Judiciary Committee were authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I yield myself 1 additional minute.

The VICE PRESIDENT. The Senator from Montana is recognized for 1 minute.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to consider executive business.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Fred J. Nichol, of South Dakota, to be U.S. district judge for South Dakota; and

Irving Hill, of California, to be U.S. district judge for the southern district of California.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF JUSTICE

The Chief Clerk proceeded to read sundry nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time necessary for the quorum call not be taken from either side.

The VICE PRESIDENT. Without objection, the request is granted. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Arkansas will state it.

Mr. FULBRIGHT. What is the pending business before the Senate?

The VICE PRESIDENT. The question is on agreeing to the amendment,

No. 233, offered by the Senator from Arkansas [Mr. FULBRIGHT] to the Foreign Assistance Act of 1965.

EXPLANATION OF AMENDMENT REGARDING MILITARY AID TO LATIN AMERICA

Mr. FULBRIGHT. Mr. President, section 511(a) of the Foreign Assistance Act now limits the value of grant programs of defense articles for American Republics in any fiscal year to \$55 million, "of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense."

The first part of the amendment would authorize the use of up to \$25 million of the \$55 million total "for assistance to an inter-American military force under the control of the Organization of American States." This is the same provision which was written into the bill by the Senate Foreign Relations Committee in 1963 and approved by the Senate. The provision of existing law is the compromise which resulted in conference that year.

The second part of the amendment would replace section 511(b) of the existing law which provides that "internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics."

As rewritten by the amendment, section 511(b) would require military assistance to Latin America to be furnished to the maximum extent feasible in accordance with joint plans—including such plans relating to internal security problems—approved by the OAS. The justification for this change is as follows:

When the restriction on military assistance for internal security was written into the law in the late 1950's, most of the internal security difficulties in Latin America were caused by groups trying to overthrow dictators. Many of the internal security difficulties now come from groups trying to overthrow freely elected legitimate governments, as in Columbia and Venezuela. Furthermore, the existing law has been effectively nullified by presidential determinations that internal security requirements justify military assistance in almost every country of the hemisphere except Cuba.

The proposed new subsection (b) is designed to encourage joint military planning by the OAS, not only in connection with an inter-American force but also in connection with all security problems. Joint planning for internal security is a logical extension of the Special Consultative Committee on Security Against the Subversive Action of International Communism established at the Punta del Este Conference in January 1962. Some of the actions which the OAS has subsequently taken with respect to Cuban efforts at subversion have been based on recommendations of this Committee. The joint planning contemplated by the amendment, however, would go beyond plans to deal with international subversion and would embrace all kinds of internal security problems—

for example, the banditry problem in Colombia, the mineworkers problem in Bolivia, and so forth.

It may be argued that this represents too great a degree of OAS intervention in the domestic affairs of the countries concerned. But if a country has an internal security problem so serious as to require outside assistance, then is it not preferable for the intervention to come from the OAS rather than from, as is now the case, the United States?

Furnishing of U.S. military assistance in accordance with OAS plans would probably have the further great advantage of reducing the amount of assistance and restraining intra-Latin American arms races. For example, Peru will be reluctant to approve plans which call for much military assistance to Ecuador, and vice versa. The OAS would almost certainly provide a tougher screening for military assistance than is now provided by the machinery of the U.S. Government.

There is precedent for the requirement for joint planning in the military assistance which was furnished to Europe in the early days of NATO.

It should also be noted that the amendment is qualified by requiring military assistance to be furnished in accordance with joint plans "to the maximum extent feasible." The amendment recognizes that the OAS cannot gear itself up for this task overnight; but it does provide a nudge in that direction.

Similarly, the amendment authorizes, but does not earmark, \$25 million for assistance to an inter-American force. This is in line with the Senate's action in 1963. In 1959, the Senate did earmark \$31.5 million for an inter-American force, but the provision could not be held in conference.

Finally, the amendment is in line with—and, indeed, supports—President Johnson's call at Baylor University May 28 for "new international machinery geared to meet the fast-moving events."

This proposal is not new in the Committee on Foreign Relations or in the Senate, which approved previously, as I have pointed out, provisions to encourage the development of an inter-American force.

The circumstances that have arisen in the Dominican Republic within the past 6 weeks inspired me to offer the proposal once again for the consideration of the Senate. These circumstances arose after the bill was reported, but the committee has considered the same matter in earlier years. The developments in the Dominican Republic, where a substantial number of Brazilian troops have been supplied, and a smaller number of troops from three other Central American countries have been supplied, are the reason why I thought it appropriate to have the Senate consider once again a proposal toward developing an inter-American force. Such a force would, I think, relieve the United States of much of the burden of trying to maintain the peace as best we can during this transitional period in the Latin American area.

Mr. President, that is all I desire to say, unless Senators wish to ask questions.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield 2 minutes to me?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Montana.

Mr. MANSFIELD. Mr. President, the amendment offered by the distinguished chairman of the Committee on Foreign Relations seems to me to have a great deal of merit. I would assume that at the moment we are underwriting the inter-American force which is actually in being. This proposal would legalize our action, to some degree at least, and would give some validity to the concept, which I think has great merit. It would get away from the unilateral idea, which seems to hurt us so much in our relations with certain of our neighbors when conditions arise which may seem to necessitate some kind of intervention.

Therefore, I would hope that the amendment would carry, because I believe it is not only meritorious but necessary, and would give some strength to the concept of inter-American peace, at least so far as inter-American forces are concerned, a concept which seems to be and, I hope is, getting off the ground at the moment.

Mr. FULBRIGHT. I believe the use of funds now for an inter-American force is quite in accord with the spirit of existing law.

As I read section 511, it provides, in part:

* * * in any fiscal year beginning with the fiscal year 1962, shall not exceed \$55 million, of which a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense.

That is quite broad as to the idea of this kind of activity, but I believe the amendment would clarify the situation and make more direct and positive what is intended to be done.

Mr. CLARK. Mr. President, will the Senator from Arkansas yield me 2 minutes?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I heartily endorse the amendment offered by the chairman of the Committee on Foreign Relations, not only for the reasons which he and the majority leader have stated, but because I believe the amendment looks to a broader and more international solution of the problems of peace, a solution which I find more in accord with the efforts to achieve a kind of enforceable world peace through world law, a kind of international arrangement, to be sure only at the regional level, but a kind of arrangement which the original charter of the United Nations contemplated.

This building up of an OAS force is, I believe, well within the spirit and letter of the U.N. charter provision which recognizes the development of regional groups to help keep the peace and help to solve economic and other problems of a region. It is a step in the right direction. I sincerely hope the Senate will approve the amendment.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield whatever time he may desire to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I have studied the amendment and I am in thorough agreement with it.

I wonder if the distinguished chairman of the committee would agree to put this proposal on a matching basis with the various states of South and Central America. In other words, it seems that under his amendment the entire burden would be on the United States. If language could be added to the amendment that would make it clear that since the money is to be made available and will be under the control of the Organization of American States, we would expect not only full cooperation from the members of the Organization of American States, but also reasonable contributions from them toward financing any force that may come into being, then I could support the amendment.

Mr. FULBRIGHT. I would assume that they would supply troops, just as in the case of the Dominican Republic they are supplying troops.

Mr. ELLENDER. We are supplying the logistics.

Mr. FULBRIGHT. We are supplying the logistics. I had not thought of the proposal in that sense. The bill itself would authorize up to \$55 million for military assistance to Latin America. This is much less than Latin America spends on armaments itself.

I do not know what the Senator means by "matching." We would pay \$25 million. If they furnished troops and manpower, the cost would run far beyond that amount. I do not know what kind of formula the Senator from Louisiana has in mind.

Mr. ELLENDER. It is my belief that they ought to contribute to the cost of the logistics. In many cases, we are even paying the transportation costs of soldiers from the various countries. I presume we shall also be furnishing the food for the soldiers wherever they are located.

It seems to me that this ought to be done on a more or less matching basis. Let the other countries furnish in proportion to their capabilities and allow them credit for the pay that they may make available to the soldiers that they send to areas where they are needed.

It seems to me that if we adopted the amendment as it is written, it would be interpreted as meaning that we intend to be the only nation furnishing the wherewithal to carry on this program.

Mr. FULBRIGHT. If the Senator has a formula that he thinks would work, I should like to have him present it. It would be difficult to work out. This activity is in its initial stages. Our negotiators would certainly be expected to try to get the cooperation of the other countries to furnish the troops, which is the main thing they can furnish. Many of the countries are quite incapable of furnishing sophisticated equipment. They do not make them. We furnish the sophisticated equipment to their national armies now. I do not know that any of them make the modern weapons. That is a thing that we are best suited to do.

We hoped that they would do two things. We hoped that they would furnish a large part of the manpower of the

OAS and the responsibility for the action so that they would relieve us of the charge of interventionism and imperialism.

Mr. ELLENDER. We could write some language into the amendment.

Mr. FULBRIGHT. Could the Senator propose some language?

Mr. ELLENDER. I have been very busy on other matters. To be frank, I took the amendments home with me last night. I did not have much time to study all amendments thoroughly. However, it seems to me that we could have some kind of understanding whereby they would at least furnish the manpower.

Mr. FULBRIGHT. It would be extremely difficult to implement this program in the early stages. Does the Senator believe that a general expression of expectation at this time on the part of our representatives for a reasonable contribution by the other parties should be made as a matter of policy, rather than as a precise formula? I do not believe that it is possible to devise a precise formula.

Mr. ELLENDER. I would not want to do so at the present time. It would be rather difficult. However, there are approximately 14,000 Americans in the Dominican Republic now. We are paying for the logistics for those men. We are also paying for the logistics for the few soldiers who are there from six other countries.

It occurs to me that there ought to be some kind of understanding that they would at least be willing to furnish manpower if we are to furnish logistics. That would be a step in the right direction.

Mr. FULBRIGHT. That would be clearly contemplated. This proposal would mean nothing at all unless they were to furnish manpower and take the responsibility for developing the plans. It would be meaningless otherwise. It would merely mean that we would be spending \$25 million, in the same manner as we spend money on our own forces.

I believe it is contemplated that the other members of the OAS will furnish a larger part, or a majority, of the manpower. The thing that we could best furnish would be the sophisticated modern equipment that a police force uses, such as modern transportation and small arms.

I would not expect any nuclear weapons or anything of that kind to be involved. This would be a sort of police force of relatively small size which would move into a situation.

We should not dictate as to what the course of policy affairs would be in a country.

Mr. ELLENDER. I shall take the amendment with me for further study.

Mr. FULBRIGHT. I do not believe that we could have a precise formula. I believe that an expression of policy as to guidelines would be better.

Mr. ELLENDER. That is what I had in mind, so that they would not have the notion that we would have the soldiers to add to their force and pay all the money necessary to feed them and pur-

chase all the necessary military hardware.

I believe that an expression of that kind would do some good.

Mr. MORSE. Mr. President, will the Senator yield?

How much time does the Senator have remaining?

Mr. FULBRIGHT. How much time does the Senator wish? I shall yield as much time as the Senator wants.

Mr. MORSE. I shall start with 5 minutes.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 minutes.

Mr. MORSE. Mr. President, I support the amendment. There are certain caveats that I shall develop in the course of my brief remarks.

As the Senator from Arkansas knows, in the Subcommittee on Latin American Affairs we have pressed for this amendment for several years. In the statement which the Senator from Arkansas made this morning he said:

The first part of the amendment would authorize the use of up to \$25 million of the \$55 million total for assistance to an inter-American military force under the control of the Organization of American States. This is the same provision which was written into the bill by the Senate Foreign Relations Committee in 1963 and approved by the Senate. The provision of existing law is the compromise which resulted in conference that year.

I recall very well the discussion in 1963. We strongly urged this amendment in both the subcommittee and the full committee. We said, among other things, that it was necessary to develop a co-operative effort on the part of Latin American countries to act and plan jointly for their own defense and internal security.

It has been said many times that the purpose of our military aid in Latin America is alleged to be to help them in connection with their maintaining internal security, but not in connection with their making war against one another.

If we follow this proposal—and it is substantially in line with the objectives of the act of Punta del Este to which the Senator referred in his statement this morning—we could do several things. One is that we could reduce the total amount of military expenditures in Latin America, both United States aid and domestic expenditure.

I do not want anyone to charge me with inconsistency in connection with a subsequent amendment that I shall offer. I shall vote for this amendment. I urge that the amendment be adopted. However, that does not mean that when I vote for the amendment I am approving \$55 million for aid in Latin America. I shall offer an amendment which would reduce that \$55 million. I believe that the adoption of the amendment would strengthen the amendment that I shall subsequently offer. If we could have this kind of military planning sanctioned, in my judgment we would have good reason to reduce the remaining amount by the amount that I shall ask to have it reduced.

I urge the adoption of this amendment

for an additional reason. I believe that this is one of the ways to help build up the Organization of American States as an effective, regional organization for the application of the rule of law. I believe that any heed is to be paid to the Organization of American States in Latin America when there is a trouble spot, we must have the enforcement facilities available which would result from this amendment.

In the Dominican Republic crisis, what a boon it would have been to the United States if we had had a type of joint military planning and joint military force available to move into the Dominican Republic, rather than to send in American troops, which latter course of action has cost us so dearly so far as American prestige is concerned. It will take some time for the dust of misunderstanding to settle in regard to the action taken by the United States.

The objective of this amendment is in line with what the overwhelming majority of the full committee and the Subcommittee on Latin American Affairs have been urging for some time.

I commend the Senator from Arkansas for the clear and succinct statement that he made today on the floor of the Senate in support of the amendment.

I was not privileged to be present when the Senator made his statement. We were finishing our conferences on the education issues on the measure which passed this morning. I strongly support the amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, I yield 5 additional minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 additional minutes.

Mr. MORSE. Mr. President, this is one of the most effective ways of strengthening the Organization of American States and putting some teeth into it, so to speak, and also putting the Organization in a position which I think will weaken the argument that is so often made against U.S. intervention.

If there is this joint military organization, carrying with it the responsibility to act jointly when there is a crisis arising in Latin America in which there has been a threat or actual takeover by Communists, we shall not be hearing so much about American intervention, for it will not be intervention. It will be action by the Organization of American States, in keeping with the commitments that the Organization made in Punta del Este, moving to protect themselves jointly. I support the amendment for that reason.

The next point I wish to make is that too much of our military aid has gone to building up military prestige and military status in various Latin American countries. Let us be frank about it. It has gone to build up military oligarchies in some of the countries, and it has gone to build up the strength of military juntas, or groups which from time to time became military juntas, to decide to overthrow constitutional government.

Let me make very clear for future reference that when I vote for this kind of

organization, I am talking about an organization that ought to be available and in reserve to protect freedom in Latin America and the rights of the people in those countries against either a military or a Communist coup, because either a military or a Communist coup threatens the internal security of any country so far as its constitutional processes are concerned.

Let there be no doubt that I am supporting the amendment because I believe we need to strengthen the Organization of American States so that it can be an effective instrument to protect constitutionalism in various countries in Latin America from both the right and the left. In my judgment, that is what the Organization of American States must do in the great battle we are waging for men's minds against threats of communism on the one hand and fascism on the other hand.

Also, I am supporting the amendment because of our country's selfish interests; but it is necessary to give attention to our own selfish interests. It is important that we develop this kind of organization so that joint efforts will be taken in Latin America, and not put ourselves in the position in which we have found ourselves in the Dominican crisis for the past several weeks, when we had to go into that country to protect American nationals after the Government had advised our Government that it was not in a position to protect American lives.

With the other implementations which should be developed, I am sure the Organization of American States will really be an effective regional united nations in the Western Hemisphere, to see to it that the security of their countries is protected by joint action and pledge the Organization of American States as a legal instrumentality for settling disputes by resort to the rule of law rather than to military force.

Lastly, I reemphasize what I have already said. This is the way, in the long run, to reduce American appropriations for military aid in Latin America in the amount we are now providing. Adoption of the amendment would buttress the argument which I shall make a few days hence in connection with an amendment I shall offer relative to military aid around the world, including Latin America.

I am delighted to join the chairman of the full committee in supporting the amendment.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I do not know whether any other Senator is prepared to discuss the amendment. I am ready to vote, if the majority leader is willing to vote now.

Mr. MORSE. Mr. President, I suggest to the majority leader that we may find ourselves in a problem, because the unanimous-consent agreement has been printed and sent out. We may find that some of our colleagues expect a vote at 1:30, and will be back to vote at 1:30.

My suggestion to the majority leader, if there are no other Senators who wish to speak on the amendment, is that this matter be put aside until 1:30 so that

the Senate may take up other matters in the meantime.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I see no indication that any Senator desires a ye-and-nay vote. It seems to me there is no opposition to it. Why not bring this matter to a close on the basis of a quorum call and then a voice vote?

Mr. MORSE. That is fine.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Is the time to come out of the time controlled by the majority leader?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield myself 1 minute to announce that there will be a ye-and-nay vote on the pending amendment and that the vote will come somewhere between 1:15 and 1:30 p.m.

I yield 25 minutes to the Senator from Oregon [Mr. MORSE].

AMENDMENT NO. 242

Mr. MORSE. Mr. President, I shall use this time to present my amendment No. 242. It is not now pending, but I shall make the case for it now so I shall not have to do so later.

My amendment would reduce loan funds authorized for the Alliance for Progress by \$100 million.

Foreign aid to Latin America today bears only a remote resemblance to the Alliance for Progress begun in 1961. It bears a much greater resemblance to the policy of the Eisenhower years, when we supported military juntas and dictators by giving them medals. But in line with more modern foreign policy thinking, anyone we approve gets money, so now we support them with millions of dollars of American money.

I suppose the Dominican Republic is the most graphic example of the failure of this policy and the waste of American money. Much has been written since the first week in May, when American troops landed, of the support given by the U.S. Treasury to the regime of President Juan Bosch. That Government's success was almost as important to the Kennedy administration as it was to Mr. Bosch himself. For fiscal year 1963, the United States supported that government with \$53.5 million. In a country of 3½ million people, that amounts to some \$15.50 per person. Fiscal year 1964 reflects the period when no aid was given to the junta that overthrew Bosch, but still our aid amounted to \$15.2 million. In fiscal year 1965, business was as usual with the junta and the level of our aid went back up.

Since figures for fiscal year 1965 are still unpublished, the exact figure cannot be used. But for 1962, 1963, and 1964, we spent a total of \$103.9 million

on the Dominican Republic, for an average yearly expenditure of \$34.6 million.

We find in the annual report of the Inter-American Development Bank, covering 1964 but reporting largely on 1963, that—

Loans received by the government and other public agencies (11.4 and 14.8 million pesos for 1962 and 1963, respectively) together with an inflow of private capital (5.8 and 7.7 million pesos in the same 2 years) enabled the country to finance its current account deficit. In September 1964, the country's gross foreign exchange holdings totaled U.S. \$45 million, compared to U.S. \$29 million a year earlier.

The value of the use to which this American money is put is surely one of the questions that Congress and the public are asking of the entire foreign aid effort.

Writing from the Dominican Republic in yesterday's Washington Post, John Goshko concludes his story on the Dominican economy with these comments:

If history is to be prevented from repeating itself at some not too distant date, a complete overhaul of the Dominican economy will be required.

Of course, we are told right along that the Alliance for Progress finances reform measures in Latin America, and that it is designed to raise the living standards of the lower classes in the economic scale of these countries. But that is not the real theory of the Alliance today. Today it concentrates on strengthening upper classes so they will be in a better position to prevent any unrest among the deprived people of these countries from getting out of hand—meaning to prevent it from posing any real threat to the status quo.

Mr. Goshko continues to undermine the alleged theory of the Alliance for Progress when he says:

For the first time, a real attack will have to be made on such problems as land reform, shortage of trained personnel, corruption, the lack of foreign investment, and the modernization of the all-important sugar industry. Its production costs approximately 9 cents a pound while the world market price hovers between 2 and 5 cents.

It is Uncle Sam that has supported this difference, for despite this great overpricing of its chief commodity for sale abroad, its foreign exchange holdings were half again in 1964 what they were in 1963. All the problems listed as being unapproached as yet are exactly those the American people are told their money has been spent to remedy.

Mr. Goshko continues:

Before the April revolution, the United States was contributing about \$20 million annually * * *

That figure is low; when military and food for peace are included, it is more like \$30 million—

to the Dominican Republic, mostly for balance-of-payments support. But now the United States is involved so inextricably that it will have little choice but to up the ante by staggering amounts. Whether the United States will have to do this directly or under the cover of the OAS or a Dominican government responsive to U.S. control is still unclear. What is clear is that the U.S. taxpayer is going to have the Dominican Republic on his back for a long time to come.

That is true not only of the Dominican Republic but of most of Latin America because the Alliance for Progress is not financing reforms worthy of the name in most of the nations of the hemisphere. It is carrying along the same conditions that have given rise to so much unrest there in the last decade. And as we have seen in the Dominican Republic, the masses of the people are not forestalled forever from trying to provide the remedies to their own problems.

Elsewhere in his article, Mr. Goshko writes:

At present, all efforts are being focused on bringing the economy back to its prerevolution level. Yet the depressed state of the prerevolutionary economy, with its propagation of poverty and backwardness, was among the principal precipitating factors of the present crisis.

The Congress and the American people might well ask just where our \$103.9 million went, if an aid program of that magnitude to a very small country produced nothing but a "propagation of poverty and backwardness." That is not only the record of the Dominican Republic since the fall of Trujillo; it is the record of the United States, too, and its foreign aid program.

It is popular to say of the Dominican Republic that its troubles stem from the long years of the Trujillo dictatorship when no political leadership was allowed to develop and when both economic and political affairs were gathered into the hands of the Trujillo family.

But look around Latin America and you find that the lack of stable political institutions and qualified democratic leadership are the rule and not the exception.

AID PROGRAM HAS FAILED IN BOLIVIA

Another of our foreign aid failures is Bolivia. And the report from La Paz last week by Henry Raymont in the New York Times tells the story of why American policy and American aid are failing in so many countries of the hemisphere.

He reports that the Bolivian junta is sending a mission to Washington—and it was here last week and may still be in town—to press for more American aid to finance the junta. It is not as though they are not already on the list for substantial assistance.

In fiscal year 1962, Bolivia received \$39.5 million; in fiscal 1963, \$70.4 million, and in 1964, \$80.2 million. This is a country of 4 million people, which means an aid level of about \$20 per person last year.

Apparently, that is not enough for the junta. I suppose the key sentence in Raymont's report is:

President Johnson and the Pentagon were reported to have been deeply concerned over the potential danger of a Communist coup d'etat.

Those are the old familiar phrases that one hears before a foreign government comes to Washington to get more money. "Communist coup" is always good for more money and more military aid. The militarists in Latin America have learned that lesson well in the last 2 years and they are playing it for all it is worth.

We learn that the President was not satisfied with the information he was

receiving from the Embassy in La Paz and so a military officer was sent down to Bolivia to make an independent assessment of the situation.

It takes only a little experience with Latin American affairs, or affairs in any part of the world, for that matter, to know that the military officer recommended more money and more military aid.

The militarists stick together like birds of a feather around the world. American militarists are no different when it comes to feathering their own nests.

In this case, the officer recommended to the junta that it send a mission directly to Washington to make the appeal, even though our Embassy recommended against it.

Listen to that—our Embassy recommended against it. This is another example of substituting the Pentagon in American foreign affairs for real civilian control.

Says Mr. Raymont:

According to qualified informants, it was immediately after Colonel Wimer's arrival and against the advice of the Embassy that the junta decided to send a four-man mission to Washington, ostensibly to negotiate new financing for rehabilitation of the mines. * * *

Bolivian officials hinted that Colonel Wimer and the Defense Department had appreciated the urgency of the situation here more than the Embassy had and that this explained the presence of Colonel La Fuente in the mission.

Colonel Fuente is chief of staff of the Bolivian Army. The story continues:

The army chief is expected to appeal directly to the Pentagon for broad military assistance and for defense-support projects to bolster the army's civic action program.

Once again, the State Department has moved out of the picture and the Pentagon has moved in to take over American foreign policy.

Mr. Raymont continues:

Some American diplomats suggest that the junta is exaggerating the Communist menace here as a way of forcing help from Washington. The Embassy is known to look askance at the suggestion that Bolivia may be asking for financial help without drafting a complete development program.

One of the Bolivian officials is quoted by Mr. Raymont as saying:

We are doing our utmost to convince Washington that a crash aid program in Bolivia is imperative now to assure financial solvency and political and social stability. Otherwise we may see the development of another Dominican situation, which would be more dangerous and costly to solve.

If that is the line of the Bolivian junta, they certainly know well how to touch all the sensitive spots in the administration that lead to the opening of the pocket-book.

But I would point out to the Bolivian aid mission that they already have a "crash" program of aid from the United States. The rate of aid they have been getting for the past several years is a crash program. They have been the principal recipient of supporting assistance, which is grant economic aid and to which the Congress has been trying to put an end.

It is time for the Congress to ask what

good it has done. It is time for Congress to ask the Bolivian aid mission what has happened to the \$190 million we extended to Bolivia in the 3 years of 1962, 1963, and 1964. That is a lot of money for a country of 4 million people. What use was it put to, that the country feels itself on the edge of a civil war and threatened by a Communist coup, if in fact it is so threatened at all?

Mr. President, if money will prevent the spread of communism, Bolivia has had plenty of it. It is a question of how the money is spent. Every time we let the military get its hand into the pocket of military aid, we should get ready for a shocking waste and inefficiency in the expenditure of the money. These American militarists are no different from militarists around the world when it comes to inefficiency and feathering their own nests.

Is it not fair to ask the Bolivians why more money would do any good if \$190 million in 3 years did not?

I warn the Congress and the administration and the people of Bolivia that the United States is going to have Bolivia on its back for a long time to come, too, unless we stop being suckers for every Latin colonel who comes along and whispers the magic words: Communist coup.

All the money in the world is not going to forestall Communist coups unless it is put to the real and basic reform of the Latin American economies.

That, I say to the Bolivian aid mission, is the lesson of the Dominican Republic. We sank millions into that country in the name of preventing revolution and the revolution came, anyway, and American troops had to go in to put it down. The same is in store for Bolivia if we go on handing out money to the same old juntas and ruling classes that cannot maintain themselves even temporarily in that part of the world without American support.

I say to them that I do not think it matters one whit whether you get a "crash" aid program from the United States. Unless you make better use of what you have been getting, you are going to have another revolution there, anyway, and the United States will still have to do what it thinks best when the time comes. In my mind, the only question is how much more we are going to waste on another junta in the interim.

I know it is commonly pointed out that our largest aid programs in Latin America are in Brazil, Chile, Colombia, and Venezuela. But I do not think the principle is much different. I find it hard to believe that American aid to Chile is performing anything like the function for which one expects to expend \$227.4 million in 1962, \$98.3 million in 1963, and \$141.2 million in 1964. That was the record of our aid to Chile in the years just prior to the last election, when the great issue was whether the country would go Communist or select a democratic, reform government. As a matter of fact, a large program loan was negotiated with Chile just prior to that election.

But Chile has only 8.5 million people. We have been helping Chile at the aver-

age rate of \$18 per person for several years. That is an extremely high rate of foreign aid to any country. Yet Chile remained on the edge of radicalism, or so we were led to believe when it came time to extend a new loan.

I see no sign that Chile is going to be off our backs, either, in the foreseeable future.

The Alliance for Progress is a 10-year program. It is almost half way through. The results in altogether too many countries of the hemisphere have not shown much more than a maintenance of the status-quo, subsidized with American dollars. I am very doubtful that at the end of the 10 years, conditions in most of these countries will have moved any further away from unrest and potential revolution than they were in 1961, when the Alliance program was started.

Mr. President, I ask unanimous consent to have printed in the RECORD the newspaper to which I referred, and an article appearing in the June 8 issue of the New York Times entitled "Bogotá To Seek Aid for Economy in United States."

There being no objection, the three articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 7, 1965]

ECONOMIC COLLAPSE AGGRAVATES ISLAND CRISIS

(By John Goshko)

SANTO DOMINGO, June 6.—The king-sized problems of putting this revolution-shattered country back into working order are nowhere so evident as in the economic field.

Until now, the economic aspects of the crisis have been overshadowed by the more immediate need to create a single government out of the rival factions. No economy can move without a political horse to pull it.

But the converse also is true. Whatever government finally does emerge here will not last very long unless it has behind it an economy capable at least of providing people with the necessities of life and producing revenues to pay for governmental services.

Until a few days ago, the United States and the Organization of American States were concerned exclusively with the day-to-day problems of feeding the hungry and trying to prevent total financial chaos by meeting part of the defunct government's payroll obligations.

CONDITIONS EASED

The effort, especially from the U.S. side, was a massive one. Before it runs its short-term course, it will have seen the distribution of approximately 15 million pounds of food and the payment of government workers besides.

Now, the prolongation of the cease fire has eased disaster conditions considerably. Food again is available through normal channels, and free distribution continues for those who cannot pay the roughly doubled prices.

The big U.S. disaster program, is already being turned over to the OAS and to Dominican church and welfare organizations.

Within the next few days, 9 of the 11 U.S. teams overseeing disaster relief are expected to be withdrawn.

But if the problem of keeping people alive has largely been licked, things look much gloomier in regard to the next step—getting the money economy functioning again.

TWO AREAS OF CONTROL

Here the difficulty arises directly from the fact that the Dominican Republic currently consists of two countries: the enclave in Santo Domingo, held by the forces of Col. Francisco Caamano Deno and the rest of the

city and the interior, which are under actual or nominal control of the troops led by Gen. Antonio Imbert Berrera.

Ciudad Nueva, controlled by the Caamano forces, is probably the most economically important real estate in the country. Within it are most of the docks and warehouses that make Santo Domingo the country's key seaport and distribution center. There, too, is the commercial center that contains the main offices of the banks, business establishments, and the major communications facilities.

So long as the commercial heart is shut down and cut off, the rest of the Dominican Republic will be severely crippled in its efforts to restart normal banking and credit operations, obtain the imports vital to industry, and carry on business in general.

Still, as many as 40 factories in the Santo Domingo area that had been shut down or partially closed are operating again. Branch banks outside the Ciudad Nueva have re-instituted some services, although in most cases their biggest reserves lie in the central offices beyond the reach of bank officials and depositors.

In the countryside, which was untouched by the fighting, the sugarcane mills that form the backbone of the economy have continued to produce. They also are able to export their products through their small ports close to the mills.

But in 6 to 8 weeks the factories are expected to require the new supplies that normally flow into Santo Domingo. The mills and plantations will need credit and other banking services.

A similar dilemma faces one of the two factions that claim to be the government.

On the Caamano side, there is no immediate need for money since this siege. Conditions reduce life's necessities to the barest essentials. The rebels have food, water, and arms; and in their present situation that's all they need.

But the Imbert faction has a much bigger territory to run and consequently has a desperate need for the revenues on which a government normally depends.

Yet where before the revolution the Dominican Government could count on \$13 to \$16 million a month through taxes and other sources, the junta now is taking in a bare \$1 million weekly.

The funds provided by the United States more or less met the Government payroll for April and most of May. But if the political stalemate is not broken soon the minimal public services now being offered will bog down again in financing crisis.

For all these reasons, U.S. and OAS officials agree that a political solution must somehow be worked out quickly. As one puts it: "We can go on erecting jerry-built structures to keep things functioning after a fashion—after all, these people didn't have much to begin with. But if you don't have a country in the accepted sense, you can't have an economy."

His words point to what is perhaps the biggest problem of all, although no one really has had time to think about it yet.

At present, all efforts are being focused on bringing the economy back to its prerevolution level. Yet the depressed state of the prerevolutionary economy, with its propagation of poverty and backwardness, was among the principal precipitating factors of the present crisis.

If history is to be prevented from repeating itself at some not too distant date, a complete overhaul of the Dominican economy will be required. For the first time, a real attack will have to be made on such problems as land reform, shortage of trained personnel, corruption, the lack of foreign investment, and the modernization of the all-important sugar industry. Its production costs approximately 9 cents a pound while the

world market price hovers between 2 and 5 cents.

The how, when, and who of these problems are matters that no one even wants to discuss at this point. But sooner or later they will have to be faced; and among those required to do the facing will be the United States.

Before the April revolution, the United States was contributing about \$20 million annually to the Dominican Republic, mostly for balance-of-payments support. But now the United States is involved so inextricably that it will have little choice but to up the ante by staggering amounts.

Whether the United States will have to do this directly or under the cover of the OAS or a Dominican government responsive to U.S. control is still unclear. What is clear is that the U.S. taxpayer is going to have the Dominican Republic on his back for a long time to come.

[From the New York Times, June 4, 1965]

BOLIVIA PRESSING FOR WIDE U.S. AID—AIM IS TO AVERT SOCIAL CRISIS OVER MINE REORGANIZATION

(By Henry Rayment)

LA PAZ, BOLIVIA, June 3—Bolivia's military junta is pressing for wide economic and military help from the United States to complement its measures to reorganize the nationalized mining industry and overcome a violent, Communist-dominated strike.

A leading Bolivian policymaker disclosed today that the appeal for new aid was made this week to a representative of President Johnson sent here on a confidential mission. The request is to be repeated in detail to Mr. Johnson and other administration officials by a Bolivian mission that arrived in Washington yesterday.

Bolivian officials have suggested that they will need \$5 million immediately for highway development projects to absorb 7,000 miners who are to be dismissed as part of the industry reorganization.

LONG-TERM PLAN WEIGHED

In addition, a long-term \$100 million aid program is under discussion. It would take in Alliance for Progress plans to accelerate Bolivia's overall economic and social development.

"We are doing our utmost," the Bolivian official said, "to convince Washington that a crash aid program in Bolivia is imperative now to assure financial solvency and political and social stability. Otherwise we may see the development of another Dominican situation, which would be more dangerous and costly to solve."

Bolivian Government sources identified the White House representative as Col. Paul Wimert of the Army. They said he had been sent to evaluate the widespread strike and subsequent insurrection that flared in Bolivia last week.

President Johnson and the Pentagon were reported to have been deeply concerned over the potential danger of a Communist coup d'état.

The U.S. Embassy, however, professed no knowledge of a Presidential mission and was inclined to discount Colonel Wimert's 3-day visit, which ended yesterday. Embassy officials said he had served here as military attaché for 4 years and was visiting old friends on the way to an assignment in Chile.

Colonel Wimert met most top officials of the governing junta.

According to qualified informants, it was immediately after Colonel Wimert's arrival and against the advice of the Embassy that the junta decided to send a four-man mission to Washington, ostensibly to negotiate new financing for rehabilitation of the mines.

ARMY CHIEF IN MISSION

The mission comprised Jaime Berdecio, Minister of the Economy; Col. Juan Lechin Suarez, president of the Bolivian Mining Corp.; Col. David La Fuente, Chief of Staff of the Army, and Jose Romero Loza, president of the Bolivian Industrial Confederation and a spokesman for major private business interests.

Bolivian officials hinted that Colonel Wimert and the Defense Department had appreciated the urgency of the situation here more than the Embassy had and that this explained the presence of Colonel La Fuente in the mission.

The army chief is expected to appeal directly to the Pentagon for broad military assistance and for defense-support projects to bolster the army's civic-action program.

Some American diplomats suggest that the junta is exaggerating the Communist menace here as a way of forcing help from Washington. The Embassy is known to look askance at the suggestion that Bolivia may be asking for financial help without drafting a complete development program.

[From the New York Times, June 8, 1965]

BOGOTÁ TO SEEK AID FOR ECONOMY
IN UNITED STATES

BOGOTÁ, COLOMBIA, June 7.—The Government has decided to send a delegation of public and private leaders to the United States this week to seek means of averting total paralysis of Colombia's economy.

The decision was taken as reports from industrial centers in Cali, Medellin, and elsewhere told of factory shutdowns because of a lack of raw materials that normally are imported. Five hundred plants have been affected by the inability to obtain import licenses owing to a shortage of dollars or the high cost of dollars.

It is understood here that the International Bank for Reconstruction and Development, the International Monetary Fund, and other lenders are reluctant to extend more credit until economic reforms, including devaluation of the peso, are undertaken. Although the peso has been devalued, in effect, because of the dollar shortage, President Guillermo León Valencia has refused to take formal action, on the ground that devaluation will not solve Colombia's basic economic problems.

The Cabinet is reluctant to push unpopular measures, such as import, price and wage controls, because congressional elections are due in March and a presidential vote 2 months later.

Mr. MORSE. Mr. President, consider Colombia, heretofore a showcase of the Alliance for Progress. It is an example of another Latin American country that has drawn heavily upon American economic aid but is not showing the results that it should. This story indicates that Colombia is on the economic ropes, yet Colombia received \$331 million from us in the years 1962 through 1964—an average of \$110 million a year. Now we read that she needs money "to avert total paralysis" of her economy. What was accomplished with the \$331 million? What good did it do? Why should we give Colombia anything more when other lenders refused to give, as is pointed out in the article?

Note what the article states:

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Leon Valencia has refused to take formal action, on the ground that devaluation will not solve Colombia's basic economic problems.

The Cabinet is reluctant to push unpopular measures, such as import, price and wage controls, because congressional elections are due in March and a presidential vote 2 months later.

Mr. President, it is perfectly obvious what the strategy in Colombia is. They are going to come with outstretched hands to Uncle Sam again and ask for millions more to be wasted because they will not live up to their responsibilities under the Alliance-for-Progress program and adopt the necessary reforms, particularly economic reforms, that will stabilize their own currency.

Do not forget that the Alliance-for-Progress program is not a U.S. unilateral program. The Alliance for Progress program is a cooperative program. I was one of the congressional delegates to Bogotá that brought forth the act of Bogotá, and I was one of the congressional delegates to Punta del Este that brought forth the act of Punta del Este. Both of those acts pledged all the signatories thereto to a joint cooperative effort in bringing about the necessary reforms in their respective countries so that the American taxpayer who pays the economic and the military aid bill will get a dollar value for a dollar spent. That has not happened in too many Latin American countries under the Alliance-for-Progress program.

The results of our extensive aid have been to produce more pleas for money from the countries that have received the most. What has gone to them before has apparently produced little or no economic stability or improvement in these countries.

Therefore, I shall urge that the Alliance-for-Progress lending be reduced by \$100 million.

That is the amendment that I shall bring up in due course.

The last country that I wish to discuss briefly is Venezuela. Today Venezuela is not the Venezuela of Betancourt.

Even the wildest enthusiasts for foreign aid out of the pocket of the U.S. taxpayer have always admitted that U.S. Government foreign aid cannot succeed unless there is a far larger outpouring into the underdeveloped countries of not only government aid from other developed countries but also of an even far greater amount of private foreign investment. Without that private foreign investment, everyone admits that taxpayers' foreign aid will be so far insufficient as to be money down a rat-hole.

As chairman of the Subcommittee on Latin American Affairs, for years I have joined other Senators in trying to make our foreign aid support come from private investment. I have maintained that we should export our system of economic freedom into Latin America. I have with the Senator from New York [Mr. JAVITS] time and time again in a series of bills designed to transfer more of our so-called foreign aid program into American investments abroad. Let us see what is happening to this objective in Venezuela. If Venezuela gets by with

this program, it will spread to other Latin American countries, and the objectives of the Alliance for Progress program itself will suffer most.

But is that outpouring of private foreign investment going to come? A wave of private predators in the underdeveloped countries is now taking advantage of thoughtless national enthusiasm in these countries with new devices to take without compensation private property already invested there. All over the world conditions are getting worse and worse to expect our investors to export the dollars we need at home into private foreign investment in underdeveloped countries.

The Hickenlooper amendment and other amendments like it already offered to this bill have recognized a tendency to nationalization for the account of the foreign governments themselves of long-standing American investment abroad.

But what I see goes far beyond nationalization and is a far more insidious danger to investor confidence and far more compelling for U.S. Government aid policy.

If a sovereign foreign government wants to condemn property to put it into public ownership, that is one thing. So long as it is paid for—which is the point of the Hickenlooper amendment—we cannot object to that. I do not object to it. That is its right of sovereignty. Every day we condemn property for our own governmental purposes and pay the private owner from whom we take it.

But in a speech a few weeks ago about the SEC's attitude toward a Venezuelan Government bond issue, I pointed out that private interests of governmental insiders in these underdeveloped countries are now boldly riding an understandable nationalism in their countries for their own private ends. In my judgment this private raiding of U.S. investment—if it is persisted in—is, far more than nationalization, going to give the coup de grace to all the much desired private investment in underdeveloped countries necessary to make U.S. Government foreign aid anything more than a rathole operation for the benefit of the U.S. private interests who have built up their own private vested interests in the U.S. aid policy.

Venezuela as well as being one of our best hopes for democracy and development in Latin America is one of the richest and most promising countries in Latin America. It does not need foreign aid. But as I pointed out, there is even now pending in the Venezuelan Congress a bill which would compel American investors in U.S. insurance companies, which under difficult conditions have been doing business in Venezuela for years, to give away to private Venezuelan insiders 51 percent of their stock and control of their companies at forced sale to Venezuelan political party insiders.

If they can get by with it in the case of insurance companies, I say to American investors and other operators in Venezuela, you have no protection either. If they can get by with it in the case of insurance companies, they can get by with it on oil companies. If they can get by with it on oil companies and insurance companies, they can do it to

every other major American investment in Venezuela.

This is not nationalization for Venezuelan national account or for the benefit of all the people of Venezuela. And I have been gratified that since I exposed the situation, I have learned that responsible Venezuelans agree with me.

Again this is not nationalization for the benefit of the people or the Government of Venezuela. It is confiscation for the private accounts of private Venezuelans in what I call the Pizarro tradition. Senators remember Pizarro. He was the ruthless conquistador of Peru whose striking statue—by an American sculptress—stands today in the Plaza de Armas in Lima. In the Spanish conquest, Pizarro—the conqueror of Peru—pledged the Indian Inca, who was his prisoner, that Pizarro would not shed the Inca's blood if the Inca filled for Pizarro a room full of gold. The Inca did fill the room with gold and Pizarro took the gold. But, then do you know how Pizarro kept his word to the Inca? He indeed did not shed the Inca's blood. He just strangled the Inca instead.

There is today in every underdeveloped country plenty of would-be Pizarros with respect to established businesses that have long been developed with American investors' capital. The new form of confiscation is not a legal taking with full and adequate compensation under international law. It is not for the benefit of all the people of these countries by way of nationalization. It is a seizure instigated for the benefit of the particular Pizarros who have a temporary predatory political position that enables them for their own private interests, to compromise the future interest of their whole country by warning additional future private capital not to come into the country or it too will be "Pizarroed."

I have been intensely interested in this Venezuelan situation—in which as I have said, the most responsible Venezuelans agree with me—because I see here a cloud now no bigger than a man's hand which, if Venezuela creates the precedent for the rest of the world, is going to grow and grow and grow until it is a black thundercloud—which will frighten to cover every private investor in an underdeveloped country.

I digress long enough to answer a Venezuelan editor. A Venezuelan editor wrote an editorial after my first speech on this subject and said that the reason I spoke out on this issue is that I own a large amount of stock in American companies which have investments in Venezuela.

I do not own a share of stock in any company in this country or any foreign country. I am not a man of any wealth whatsoever, but I thought it was rather amusing. This is a typical type of rebuttal that we get in Latin America, sometimes from editors. When they do not have a fact, they imagine one and then use that as their answer.

I say to that editor that what he is doing is supporting a not too concealed form of confiscation of American wealth in Venezuela.

Everyone with eyes to see the future is aware that this first prototype operation against the foreign insurance companies doing business in Venezuela—if it works—will be only the beginning of the extension of the same seizure of other people's money for private account of every foreign private investment now in Venezuela. And, if in Venezuela, then in every underdeveloped country in the world.

Now when the private investing public completely wakes up—and I intend to do the best I can to wake it up—to realize that presumptively they are going to be "Pizarroed" if they invest in underdeveloped countries, any aid the U.S. taxpayer is willing to give to world development through AID and other forms of foreign aid will be hopelessly insufficiently implemented by imprudent private investment. Then truly as I have prophesied, the insufficient amounts contributed through governmental foreign aid to underdeveloped countries will be money down a rat hole.

I am completely aware that the United States cannot or does not want to tell any underdeveloped sovereign country what to do despite the accusations that have been made against me for my earlier speech. I do not want and I am not presuming to tell Venezuela what to do or any other countries which may follow Venezuela's example. If an underdeveloped country wants to be a modern Pizarro, this—and the consequences—is its own business. So also if U.S. businessmen or ambitious bankers want to take imprudent risks for their own personal account in investment in underdeveloped countries, that is their privilege, barring our immediate concern about the export of dollars badly needed for all our own development at home of the underdeveloped resources and underdeveloped people of our own country. Smart adventurers have made money before doing business in risky countries with unstable governments.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I yield 3 more minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 3 minutes.

Mr. MORSE. On the other hand, we can still—I assume—tell ourselves what to do and in this Pizarro situation in Venezuela and elsewhere, it is clear what our own U.S. Government policy should be. Attending strictly to our own business, if there is getting loose in the world this Pizarro complex to confiscate existing American investment for the account of private government and partly insiders in these underdeveloped countries, there are clearly three imperatives of U.S. Government policy:

First. Entirely apart from our foreign aid appropriation, it is ridiculous for the U.S. taxpayers, through whatever form of foreign assistance, to be guaranteeing loans of any kind to U.S. investments in countries with this Pizarro complex. If private investors want to take imprudent risks for extraordinary profits they should

take them without the guarantee of U.S. taxpayers.

Second. It is the particular duty of the SEC to take judicial notice, as we lawyers say, of these foreign government raids for private account in underdeveloped countries and to warn and warn and warn the U.S. investor of this growing climate of private confiscation for the benefit of these private Pizarros of whatever he invests abroad. I warn the SEC that I will be unremitting in my warnings to the SEC to be adequate in the SEC's warnings to the uninformed U.S. investing public on this growing danger and in my warnings to the public to hold the SEC responsible if the public is not warned. I do not think U.S. Government policy wants a repetition of the sucker climate for foreign securities we had in the 1920's.

Third. As for the significance of this incident in Venezuela to this whole debate about foreign aid, the logic is ruthless. If—as seems likely—this Venezuelan precedent is to be created, then it is a farce to pretend that this proposed U.S. Government foreign aid contribution is not just money down a rathole. If this precedent is going to be created in Venezuela, the richest and most hopefully democratic country in the underdeveloped world, then there is simply not going to be a flow of private investment—United States or European—into underdeveloped countries teeming, even more than Venezuela with hungry private Pizarros. Certainly there is going to be no gushing flow adequate to implement any hoped-for degree the inadequate funds for foreign aid which can be expected from taxpayers' government appropriations either here or abroad. And because of the certainty of the failure of such supplemental private funds to arrive, the funds that can be provided by way of Government are, as even the proponents of foreign aid admit, merely money—and hope—down the rathole.

Lastly, let me say to my friends in Latin America that we are trying to export to them economic freedom. That is based, of course, upon our private enterprise system. But if they are going to follow the example that is about to be set in Venezuela, they will not only discourage American investors from setting up their private enterprises in cooperation with the people in Latin America, but they will store up a form of protest against American taxpayers, who will serve notice on the politicians in the Congress and in the executive branch of the Government that they want no more waste of American taxpayer's money in a foreign aid program which produces such horrendous results.

Mr. President, I believe we can safely save \$100 million on the Alliance for Progress program next year, and, by doing so, serve clear notice on Latin America that it must do a better job of putting its own economic house in order before the pockets of the American taxpayers are going to be called upon for more funds.

I close with the following statement: The issue is whether or not the American taxpayers are going to invest in a sound program in Latin America or whether or not the Congress of the

United States will permit Latin American irresponsible juntas, one junta after another, to pick the pockets of the American taxpayer. I am against pocket picking.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I yield 10 minutes to the Senator from New York.

FOREIGN AID NECESSARY BUT INADEQUATE

Mr. JAVITS. Mr. President, I wish to discuss briefly the amendment offered by the Senator from Arkansas, an amendment which I fully support because it represents the beginning of a new line of policy with respect to military aid. Also, I deeply believe—and this will be the burden of my remarks today—that we need a new line of policy with respect to economic aid as well.

The Senator from Arkansas proposes that we recognize—in practice as well as in words—the primacy in our policy of cooperative activities in the Americas on a regional basis, by actually committing a portion of the funds authorized for military aid to a force acting on the part of the Organization of American States, and by committing future expenditures for Latin American military aid to OAS jurisdiction as well. This is the way in which we may, at long last, have an approach to the rule of law instead of the rule of force.

The first stage of nationalism is now being succeeded by regionalism; and if the region will but accept the responsibility, which is implicit in Senator FULBRIGHT's amendment, then the whole movement toward regional action can make great progress.

This amendment is on the nature of an inducement to the OAS to accept that kind of responsibility.

I believe that as the most powerful Nation, by far, we should offer that inducement in order to rebut completely any idea that we are trying to dictate to anybody or that we seek a reversion to gunboat diplomacy.

I hope the Fulbright amendment will be adopted and incorporated into the bill. I hope that the Senator from Arkansas will then insist on it and fight for it in conference. I hope that if it becomes necessary we shall vote on it, because it is important enough that we should do so. I feel it is essential that we take a strong position on it. I hope that the Senator from Arkansas will not feel that for the sake of peace in conference he will have to give up a big part of this amendment. It is too important for him to do that. It is high time, in our relations with our sister body—and we respect them and have deep affection for them—that we show a little vertebra, especially on the foreign aid bill. I hope very much that the Senator from Arkansas will feel encouraged to do that, especially with respect to this kind of amendment, with which we are seeking to break through to a new field in the foreign aid program. The amendment makes a great deal of sense. I am delighted that the Senator from Arkansas has offered it.

It is in that spirit that I wish to discuss a subject, the long and short of which is that we are beginning to build a

bridge, in respect to foreign aid, which does not have the necessary few feet at each end to connect it with the land on both sides. In other words, it does not quite meet the objective. It is by now very clear that, so far as our goal is concerned, we have a very real opponent, a highly formidable opponent, in the Communist idea. Superficially it is becoming more and more difficult to make the people of Africa, of Latin America, of the Middle East, and of Asia, with their age-old suffering and lack of understanding of the evangelism of democracy as we know it and as Western Europe knows it, and as it is beginning to be known, to some extent, in Latin America, in Asia and other parts of the world, understand that they still have a long way to go.

Communist doctrine, superficially, is more attractive to them than the level of starvation which has been their lot for centuries. If we cannot immeasurably improve their lot through democracy, so that their economic well-being can be made compatible with dignity, we are not using the resources of our system as we should. It is my deep conviction that we are not doing so, and that shall fail completely unless we do.

Just as the Senator from Arkansas leads us now to the missing link in our military affairs through regional action, as he seeks to have it operate through the Organization of American States, so I believe the missing link in the economic field is our failure to use the private sector. The difference is like the difference between day and night; the difference between success and failure.

Therefore, I strongly urge that the Committee on Foreign Relations give consideration to a plan which will establish an organization in the field of foreign aid similar to the role played by Comsat—the Communications Satellite Corp.—in the field of communications. I propose a federally chartered investment corporation, capitalized at \$2.5 billion, to beef up our foreign investments and to supplement what the foreign aid program and international lending agencies are doing.

I do not agree—I disagree most emphatically—with the proposal to terminate the foreign aid program in its present form at the end of fiscal year 1967. Surely, there are widespread defects in the program; but the fact is that it has been phased into a heavily economic assistance program.

All of the arguments about foreign aid, its efficiency, its effectiveness, its strategy, and its tactics, cannot stretch the amount of aid which we have to meet the need as we should meet it. Something fundamental and basic is missing. We could be as efficient as we like and yet we would not cover what is the essential need with the resources that are made available today.

In short, our job is not just to keep abreast of population growth or of the latest reasonable techniques in help. Our job is to give the developing countries a feeling that their greatest hope is with us, not with the United States only but with the free world and with the cause of freedom.

In my judgment, we will not have enough time to determine this struggle between freedom and Communist totalitarianism, unless we improve the economic aid situation. The people of the world are too impatient, and even if they are uneducated and cannot understand the ideological argument, they are not going to wait until they do. The struggle is going to be determined, in my judgment, by economic competition and social justice.

The things which reach the individual's mind and heart directly, even without education or experience in self-government, are the joys and excitements of individual freedom and individual dignity. On that basis we are not giving people the opportunity to see measurable increased hope from us of such superior strength and decisive character as to win this struggle with another philosophy. Though communism may not offer a selection of automobiles ranging from the Mustang to the Lincoln, nonetheless, we must recognize its appeal to people who are in a relatively primitive economic state by giving them some basic security, some basic subsistence levels, some basic industrialization opportunities, and some basic assurance of getting above the level of starvation which has been their lot for centuries. We can do it infinitely better, of course, and with individual dignity preserved but we must demonstrate it for the Communist thesis can be made to sound superficially more idealistic and more immediate in the selling to the audience we and they are trying to reach. So the competition is real, it is earnest and we must show a decisive superiority.

I disagree most emphatically with the Foreign Relations Committee's recommendation that the foreign aid program be terminated in its present form at the end of fiscal year 1967, because despite some defects—some of which I will outline below—the program is sound and run with effectiveness. Sixty-five percent of our aid in fiscal year 1966 is economic assistance, while 10 years ago two-thirds of our aid was military. In fiscal year 1966, 74 percent of development loans will go to 7 countries; 88 percent of the supporting assistance to 4 countries; 72 percent of the military assistance to 11 countries. Foreign aid expenditures account for one-half of 1 percent of our gross national product—as compared to 2 percent at height of Marshall plan—and 3.5 percent of the Federal budget—nearly 12 percent 17 years ago. Over 85 percent of all aid dollars is now committed directly for purchase of U.S. goods and services. Ending the program so abruptly will seriously undermine the effect of this program in the next 2 years. It will also undermine the efforts of aid recipient countries to use U.S. economic assistance in a rational, well-planned manner.

But the foreign aid program under consideration by the Congress this year is inadequate in certain respects. I summarize these inadequacies as follows:

First. While the close to \$3.4 billion that would be authorized under the House-passed bill, or that reported by the Senate Foreign Relations Committee, is inadequate, when compared to

the needs of the developing nations of the free world, it is probably in the order of magnitude just about all that can be expected from appropriations by the Congress. While I shall analyze this figure here in governmental terms, I shall later on in these remarks make clear that the substantial accretions to our effort in foreign aid must and can come from the private sector.

According to the 1964 annual report of the Council of Economic Advisors, the total long-term receipts of developing countries from public and private bilateral and multinational sources now total in the area of \$8 billion a year. On the other hand, estimates made by a number of highly reputable experts place the capital needs of the developing countries at between an additional \$7 to \$11 billion per annum. This gap is based on the modest assumption that such additional funds would be required to permit developing countries to grow at an overall rate of between 4½ and 6 percent per year. Given the present 2.1 percent annual increase in the world's population, the increase in per capita gross national product that will result from this additional flow of capital, would amount to between 2.1 to 3.9 percent, per year. The average per capita gross national product of developing countries is now estimated at \$130 per year. The need for additional capital indicated above is, therefore, real and critical.

While it is true that in addition to funds authorized under the Foreign Assistance Act, the United States also supplies economic aid to developing countries through food for peace, the Export Import Bank, the Peace Corps, and capital subscriptions to international organizations—IBRD, IADB, IDA and IFC—the totality of aid available for essential development remains inadequate. In fiscal year 1964 total U.S. economic aid—bilateral and through international agencies—was \$4.8 billion.

There is a related problem which must also be considered: the interest cost and duration of credit presently being extended to developing nations. Today these countries are paying about \$2½ billion a year, or one-fifth of their gross capital inflows, for servicing their externally held public debt and the charges are mounting rapidly. Still worse, the charges are mounting much more rapidly than are the exports earnings required to service the total debt. Between 1956 and 1962 debt service rose from 3 to 7 percent of the value of developing countries exports of goods and services. The need for a drastic increase in the volume of long-term, low-cost credits—both public and private—cannot, therefore, be stressed enough.

Second. At the present time much too little of our foreign aid is channeled through multilateral organizations. I was, therefore, gratified that the Senate Foreign Relations Committee put two important provisions in the pending bill: First, section 101(b) which urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis; and, second, section 102(b) which authorizes the President, after

consideration of the extent of additional participation by other countries, to make available up to 20 percent of funds authorized under title I to IDA, the IBRD, or the IFC on a grant or loan basis for use by these international development agencies under their own criteria and regulations.

The share of the total free world aid flow channeled through multilateral agencies has increased from 12 percent in 1960 to 17 percent in 1963. In fiscal year 1966 the share of U.S. economic assistance to be channeled through multilateral organizations—the IBRD, IADB, IDA, and IFC—represents 14 percent of our total economic aid—11 percent in fiscal year 1965.

I fully agree with the chairman of the Senate Foreign Relations Committee, Senator FULBRIGHT, that multilateral aid carries the dignified connotation of a community—the non-Communist world—organized to meet its common and rightful responsibilities toward its less fortunate members. Bilateral aid programs are susceptible to political influences, to misdirected economic priorities, loss of economic objectivity, and postponement of necessary economic and social reforms in the recipient country. Multilateral aid—while not always a success—is relatively independent of political pressures, makes available to a developing country the experience of all nations, enables it to buy in the cheapest markets, and to avoid any compromise to its sovereignty in regulating its internal affairs. Because international lending agencies are generally felt to have no ulterior motive, they can exert more influence over the use of a loan than is possible for a bilateral lender; they can insist that the projects for which they can lend are established on a sound basis and—most important—they can make their lending conditional upon commensurate efforts being made by the recipient country itself and enforce it.

The well-known Clay committee's report of March 1963 made the following observations on multilateral aid:

We believe that both multilateral and bilateral assistance programs will have important roles in the foreseeable future. We also believe that the interest both of the United States and of the developing nations will be best served by the gradual shifting to effective international administration, free of the complications arising from membership of the Soviet bloc, of as large a share of the responsibility for developmental investment as the cooperation of other free world aid-giving nations makes possible.

A multilateral organization, having no political or commercial interests of its own to serve, is able to concentrate on obtaining the greatest possible return, in terms of economic and social development, for each dollar of aid funds invested. It is also better able to limit its assistance to projects which are soundly conceived and executed and to condition the financing of such projects upon appropriate economic performance by the recipient country. Moreover, conditions imposed by an international cooperative organization are not so susceptible to the charge that they infringe on the sovereignty of the recipient country; even if they offend national sensitivities, they do less damage to the fragile fabric of comity among nations than when such resentment is directed against a single country. Also, to the extent that international administration inte-

grates funds contributed by a number of countries, it avoids the difficult problems of coordination which arise when aid is provided by many independent sources.

Should section 102(b) of the Foreign Assistance Act of 1965 become law, the United States would still be left with a substantial portion of its development aid program—food for peace, Export-Import Bank loans, funds for the Alliance for Progress and a substantial amount of technical assistance—administered on a bilateral basis.

Third. Much is to be said for authorization of foreign economic assistance funds beyond 1 year at a time—the practice with respect to most aspects of the program. I believe that experience with the Development Loan Fund and the Alliance for Progress—both of which were, until this year, under multiyear authorizations—strongly support the extension of this idea to the whole program. Sound planning of economic development programs is difficult if not impossible on the basis of year-to-year uncertainties. Also, annual review of this program requires an inordinate amount of time of the Congress and administration officials. Both could, in my view, spend their time more effectively in administration and legislative oversight.

Fourth. It is my judgment that the big missing element if we are to prevail—and it is certainly in the interest of mankind that we should—must be supplied by what is the true genius of our civilization, and the endemic weakness of the Communist civilization. There are two things we can give that the Communists cannot give no matter how hard they might try, no matter how much Brezhnev and Kossygin might want to—credit and ownership.

The missing link in the whole foreign aid picture in my judgment is the full and complete participation of the private sector, and I believe that this is the direction of the whole effort into which we must now move.

The recognition is becoming widespread that all of the resources and the technical know-how of the private sector must be enlisted if we are really to make foreign aid count as a decisive factor in the victory of freedom.

During the past 4 years there has been an increasing emphasis on private enterprise cooperation in the foreign aid program. However, in my view we have only scratched the surface of the potentials in such cooperation. The Advisory Committee on Private Enterprise in Foreign Aid, which I proposed and which became part of the Foreign Assistance Act of 1963, bears therefore an important responsibility in recommending to the President and the Congress further means for bringing about the most effective utilization of private enterprise in the achievement of the basic objectives of the U.S. foreign aid program. The Committee must by law submit its final report by June 30, 1965. The Committee report comes at a time when it could be of material assistance in strengthening and modernizing this crucial effort.

Fifth. On May 19, 1965, I introduced a bill, S. 1992, which would provide a new approach in Government-private enter-

prise cooperation in the field of foreign economic assistance. The bill is cosponsored by Senators COOPER, HARTKE, MORSE, PELL, and SCOTT and has been referred to the Senate Foreign Relations Committee for consideration.

I believe that the 1960's call for the introduction of new concepts for the channeling of private and public capital and technical know-how from the developed to developing countries which are struggling to develop their economies in a democratic framework. The federally chartered Peace by Investment Corporation which would be created under this bill, extends the concept of Government-private enterprise cooperation embodied in Comsat by joining private effort and the national purpose. This Corporation would tap very large private resources, mostly millions of small investors, for the purpose of sound investment in developing countries.

The PRESIDING OFFICER. The 10 minutes of the Senator have expired.

Mr. JAVITS. Mr. President, may I have an additional 3 minutes?

Mr. FULBRIGHT. Mr. President, we have very limited time.

Mr. JAVITS. Mr. President, may I have 2 additional minutes?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. Mr. President, the main point is that we are now appropriating approximately \$3.5 billion a year for foreign aid, and that is probably somewhere near the feasible limit of what we can appropriate from public funds. When we consider everything else that everyone in the world is doing, foreign aid amounts to approximately \$8 billion a year. We have approved \$3 to \$4 billion a year. It is my deep conviction that the only way in which to make this up is by a private enterprise system. The way in which to achieve that kind of result from a private enterprise system is by a federally chartered investment company such as Comsat, the German Development Corporation, and similar organizations established in the United Kingdom and the Netherlands. I have proposed that in the Peace By Investment Corporation.

As provided in the amendment of the Senator from Arkansas, military aid is the one road to be traveled by economic aid. In my judgment, we are within sight of achieving our goal, as represented in foreign aid, provided we have the fortitude and the initiative to continue to carry through with aid from the great public resources which we have used. The great private resources ought to be set to work on this aspect of the struggle for peace.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, a while ago in colloquy with my distinguished colleague from Arkansas, I suggested that it might be well to have lan-

guage added to the amendment to indicate that the program would be on a cost-sharing basis.

In this connection I suggest this language, which I have discussed with the chairman of the committee, and which is, I understand, agreeable to him. My suggested amendment is as follows:

In line 8 of the amendment by the Senator from Arkansas [Mr. FULBRIGHT], after the word "assistance", to insert "on a cost sharing basis."

Mr. FULBRIGHT. Mr. President, I have discussed the amendment with the senior Senator from Louisiana. I am perfectly willing to accept the language. I believe that it is a very good amendment. I am glad to accept that language, and I so modify my amendment.

The PRESIDING OFFICER. The amendment is so modified.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, it is my understanding that, out of the \$55 million that would be allocated for military help to South American nations, the amendment of the Senator from Arkansas would authorize the use of \$25 million for an inter-American military force to be under the control of the Organization of American States.

Mr. FULBRIGHT. The Senator is correct, except that the \$55 million would not really be allocated. That would be a ceiling to be put on military assistance to all Latin America.

Mr. LAUSCHE. Am I correct in my understanding that the administration still would have the ultimate decision as to whether it would subscribe to the policy of putting \$25 million into a regional operation, or any part thereof?

Mr. FULBRIGHT. The language is clearly permissive. It may be used. It does not provide that it shall be used. If the administration does not wish to use it, there would be nothing in the measure that would compel it to do so.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. There is time remaining.

The PRESIDING OFFICER. The senior Senator from Montana has time remaining.

Mr. FULBRIGHT. He yielded time to me.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the Senator from Ohio [Mr. LAUSCHE].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 minutes.

Mr. LAUSCHE. Mr. President, I read from line 11 of the amendment which provides, "to the maximum extent feasible, military assistance shall be furnished to American republics only in accordance with joint plans." "To the maximum extent" possible is interpreted by me to mean that our Government shall determine to what maximum lengths it will go in making the allocation.

Mr. FULBRIGHT. I believe that is

correct. It would leave to the administration the discretion as to whether or not it would be feasible.

Mr. MANSFIELD. Mr. President, I yield back the remainder of my time. However, I shall take 1 minute to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. All time has been yielded back. The question is on agreeing to the amendment (No. 233) offered by the Senator from Arkansas. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], the Senator from Utah [Mr. MOSS] and the Senator from Maine [Mr. MUSKIE] are absent on official business.

I further announce that the Senator from Missouri [Mr. SYMINGTON], and the Senator from West Virginia [Mr. BYRD] are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], and the Senator from Washington [Mr. MAGNUSON] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Nebraska [Mr. CURTIS] and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS] would vote "yea."

The result was announced—yeas 91, nays 0, as follows:

[No. 109 Leg.]

YEAS—91

Aiken	Hartke	Mundt
Allott	Hayden	Murphy
Anderson	Hickenlooper	Nelson
Bartlett	Hill	Neuberger
Bass	Holland	Pastore
Bayh	Hruska	Pearson
Bennett	Inouye	Pell
Bible	Jackson	Proxmire
Boggs	Javits	Randolph
Brewster	Jordan, N.C.	Ribicoff
Burdick	Jordan, Idaho	Robertson
Byrd, Va.	Kennedy, Mass.	Russell, S.C.
Cannon	Kennedy, N.Y.	Russell, Ga.
Case	Kuchel	Saltonstall
Church	Lausche	Scott
Clark	Long, Mo.	Simpson
Cooper	Long, La.	Smathers
Cotton	Mansfield	Smith
Dirksen	McCarthy	Sparkman
Dodd	McClellan	Stennis
Dominick	McGee	Talmadge
Douglas	McGovern	Thurmond
Eastland	McIntyre	Tower
Ellender	McNamara	Tydings
Ervin	Metcalf	Williams, N.J.
Fannin	Miller	Williams, Del.
Fong	Mondale	Yarborough
Fulbright	Monroney	Young, N. Dak.
Gore	Montoya	Young, Ohio
Gruening	Morse	
Harris	Morton	

NAYS—0

NOT VOTING—9

Byrd, W. Va.	Hart	Muskie
Carlson	Magnuson	Prouty
Curtis	Moss	Symington

So Mr. FULBRIGHT's amendment (No. 233), as modified, was agreed to.

AMENDMENT NO. 236

Mr. PROXMIRE. Mr. President—
The VICE PRESIDENT. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I call up my amendment, No. 236, and ask for its immediate consideration.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment (No. 236) submitted by Mr. PROXMIRE is as follows:

On page 15, line 6, insert the following:

"(a) Amend section 604(b), which relates to maximum prices for commodities procured under the Act, by inserting '(1)' after the word 'than' and by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: 'or (2) in the case of petroleum or petroleum products, the price generally charged by the supplier in comparable export sales from the source country at the time of purchase. Clause (2) of the foregoing sentence shall not apply to the purchase price in sales under formal competitive bid procedures. The term "comparable export sales" as used in such clause shall not include sales to affiliates.'

"(b) Amend section 604, which relates to procurement, by adding the following new subsection (e):

"(e) No part of the funds made available under this Act or Commodity Credit Corporation owned commodities shall be used to pay any barter contractor's commission or disposal fees (commodity disposal cost) in any case in which commodities furnished to a recipient country are procured through the barter of other commodities and any such commission or fee shall be paid or absorbed by the supplier of the commodities through a reduction in anticipated profits."

On page 15, line 6, strike "(a)" and insert "(c)".

On page 16, line 3, strike "(b)" and insert "(d)".

On page 16, line 22, strike "(c)" and insert "(e)".

On page 17, line 11, strike "(d)" and insert "(f)".

On page 18, line 12, strike "(e)" and insert "(g)".

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on my amendment.
The yeas and nays were ordered.

UNANIMOUS-CONSENT REQUEST

Mr. MANSFIELD. Mr. President, I ask unanimous consent that 40 minutes be allotted to discussion of the amendment of the Senator from Wisconsin, 20 minutes to a side—

Mr. LONG of Louisiana. Mr. President, reserving the right to object—and I hope that I shall not be compelled to object, I have not had an opportunity to study the amendment of the Senator from Wisconsin. So far as I am concerned, it has come out of the blue, so to

speak. It is not the kind of amendment that Senators should vote upon without both sides of the question being understood. I should like to ask the Senator from Arkansas [Mr. FULBRIGHT], the chairman of the Committee on Foreign Relations, if his committee had an opportunity to study the amendment.

Mr. FULBRIGHT. Yes. We considered the amendment and rejected it. Last year, however, we did accept it and took it into conference with the House but we could not save it in conference.

Mr. LONG of Louisiana. I should like to have an opportunity to study the amendment briefly. As soon as I know a little bit more about it, I believe that I shall be willing to agree to limit debate. I would rather have the Senator from Wisconsin go ahead and make his presentation, and then I may be willing to agree.

Mr. MANSFIELD. Mr. President, temporarily, I withdraw the unanimous consent request.

Mr. PROXMIRE. Mr. President, my amendment would amend section 604 of the Foreign Assistance Act of 1961 to prohibit the use of funds made available under the act for payment for petroleum products at prices in excess of competitive world market prices, and bar the use of Federal funds for the payment of barter agents' commissions.

My amendment has these two objectives:

First. To prohibit the Agency for International Development—AID—from purchasing oil for use in its program at higher than world competitive prices, that is, it would end the international oil bromide that only fools affiliates and AID pays posted prices.

Second. To forbid the use of Federal funds to pay any barter agent's commission in any case in which commodities or defense articles furnished to a recipient are procured through the barter of other commodities or defense articles.

In my judgment, there are three compelling reasons for urging passage of my amendment. They are:

First. Economy: If this amendment had been in force in 1964, AID could have passed a \$16,500,000 savings along to the hard-pressed American taxpayer.

Second. The balance-of-payments deficit: This savings would have helped lower our deficit. A significant proportion of the \$100 million spent by AID in oil purchases was spent with foreign suppliers. Almost all of these purchases were for posted prices.

Third. The free enterprise system: My amendment would force AID to fight for competitive oil prices in huge areas of the world where the international oil companies now rig prices at artificially high levels.

Mr. NELSON. Mr. President, will the Senator from Wisconsin yield at that point?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Wisconsin yield to his colleague [Mr. NELSON]?

Mr. PROXMIRE. I am happy to yield to my colleague.

Mr. NELSON. Do I correctly understand that the AID agency is the only

one of the Federal Government agencies which buys at posted prices?

Mr. PROXMIRE. The Senator is correct. The other big oil procurement agency is the Defense Department, and it never buys at posted prices. It has a policy of not buying at posted prices.

Mr. NELSON. Has the AID agency or anyone else given any justification or argument for justification of buying at posted prices?

Mr. PROXMIRE. At one time Mr. David Bell, the Director of the AID agency, indicated in a directive that it would not buy at posted prices. He was subsequently reversed on that policy.

Since then, State Department and AID opposed the amendment. Its argument does not make any sense to me, and I shall discuss that issue in the course of my presentation. But they do oppose it. The Agency for International Development does not oppose most of my assumptions, but it opposes the amendment.

Before going into detail on my proposal, I would like to point out that the Agency for International Development denies that any savings could result from this amendment. AID admits that posted prices are always higher than competitive prices. AID also admits that the Department of Defense has refused to pay the posted price for oil and has successfully purchased oil at lower, competitive prices in the same areas of the world where AID continues to pay the higher, posted prices.

But how does AID come to the conclusion that no savings would result from my amendment in the face of these two admissions? Simply by begging the question. Boiled down, this is the State Department's position:

AID pays the higher posted price in the Far East because it is the only price that exists. The Department of Defense manages to buy at a lower, competitive price in this same area of the world because it purchases in much larger quantities. AID's purchases from the large international oil companies represent such a small portion of their business, that AID is not in a position to force a competitive price.

I simply refuse to accept this explanation. In the first place, the State Department has made no attempt to force a competitive pricing situation and yet rejects out of hand any effort to do this on the ground that "it won't do any good."

Mr. NELSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. NELSON. I am puzzled by the Senator's statement that both AID and the Defense Department buy oil in the same geographical area, and the Defense Department acquires the oil at competitive prices and the AID agency acquires it at posted prices. After all, this is one Government. Why does not the Defense Department make the acquisition of oil for both?

Mr. PROXMIRE. In some cases that has taken place, as in Korea and in a few other areas. That is the exception, however, and not the rule. By and large, AID recipients will secure the oil. The purchase is not made by AID, which is giving the assistance. In some cases

the Defense Department handles the transaction and in such cases there is a big saving, because the price is the world competitive price.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. ELLENDER. As I understand the Senator's answer to the question of his colleague from Wisconsin, AID does not buy the oil directly. Is that correct?

Mr. PROXMIRE. The Senator is correct, to a degree. Actually the international oil companies bill AID directly for these oil shipments.

Mr. ELLENDER. What method is used by AID in order to have the recipient country pay the posted price? Why is not the recipient country given the privilege of buying at competitive prices?

Mr. PROXMIRE. The answer is that AID has adopted this policy, since we provide the funds and the assistance, and the position of AID has not been challenged. It is interesting that in some of the countries that are getting this assistance serious consideration is being given to installing their own refining procedures, so that they will not have to go through the present procedure, because it hurts both them and our taxpayers. They realize that. In a few countries there has been expropriation, which we feel may have been provoked by this policy of AID.

Mr. ELLENDER. I have not had an opportunity to read all the hearings, but I would like to know if any specific instance is cited to indicate that AID insists that the oil be purchased by the recipient country on the basis of posted prices?

Mr. PROXMIRE. We have taken the facts that have been developed and revealed. It is a fact that AID has proceeded on the basis of posted prices. It is the only agency that requires posted prices. No effort has been made to ask for advertised competitive bidding, or to ask a country to follow such a procedure. The practice of paying posted prices has been the rule. AID does not contest that fact. They agree that there is this difference between their procurement policy and the procurement policy of the Defense Department. There is no doubt on that issue.

Mr. ELLENDER. Is the Senator assuming that in quite a large number of cases the recipient country buys the oil at posted prices, although there is no evidence to indicate that it is actually doing so?

Mr. PROXMIRE. In my opinion, the evidence is conclusive. The purchases have consistently been made on the basis of posted prices, with the exception of South Korea, for example, and a few other places, where the Defense Department has done the purchasing. In those instances world competitive prices have been paid. AID has paid competitive prices, and not posted prices in those cases and only in those cases.

Mr. ELLENDER. Will the Senator tell us what losses the recipient countries have sustained because they are forced to buy at posted prices?

Mr. PROXMIRE. Will the Senator repeat his question?

Mr. ELLENDER. I will rephrase my question. What is the difference between the competitive prices and the posted prices?

Mr. PROXMIRE. It varies. The posted prices vary between 20 and 40 percent higher than competitive prices. There is good reason for paying the posted prices. It makes good sense, particularly good business sense, because it reduces a company's tax liability. It gives an international oil company an opportunity virtually to eliminate its income taxes. It is good for the oil company, but it is something the Government of the United States should not have to pay, and the foreign country should not be forced to pay it through our AID program.

Mr. ELLENDER. I wish the Senator would go further into the question of how income taxes are affected.

Mr. PROXMIRE. I shall do so.

Mr. ELLENDER. If a company receives more in income, it would seem to me that it would pay more income taxes.

Mr. PROXMIRE. A company which has a producing facility in Saudi Arabia, for example, and sells its oil in France, would pay a higher price in Saudi Arabia, where there is no income tax, and where the company pays on a per barrel basis. The affiliate must pay a higher price, and the cost in France would be greater, and therefore the profit in France might be negligible. For this reason the company pays little tax to France. The high posted price in Saudi Arabia makes its material cost so high that it has no French tax liability. Therefore, the posted price makes sense from the standpoint of reducing the company's overall tax liability. The tax is reduced in France. It is no higher than before in Saudi Arabia where the tax is on a per barrel basis.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. TOWER. I apologize. This is a highly complicated subject, and it has come up so recently that I ask these questions primarily out of ignorance. As I understand, this is AID-financed oil. The purchases are financed by AID. Is that correct?

Mr. PROXMIRE. The Senator is correct.

Mr. TOWER. Where does most of the oil go? What areas are we talking about? They are not specified.

Mr. PROXMIRE. A great deal of it goes to southeast Asia. Much of it goes to Laos and Vietnam. However, it goes wherever in the world we have an AID program to provide oil to recipient countries. Most of it, if we want to put it on a percentage basis, goes to southeast Asia.

Mr. TOWER. Is the storage and distribution of the oil actually handled by AID or is it handled by private commercial facilities, or what?

Mr. PROXMIRE. It is handled by private commercial facilities.

Mr. TOWER. If the amendment were adopted, would it mean that AID

would have to establish its own distribution and storage facilities?

Mr. PROXMIRE. No; AID would not have to establish its own distribution and storage facilities. All it would be required to do would be what the Defense Department does and what any private buyer does. They would have to do their best to buy at competitive prices.

We are dealing with a homogeneous commodity. It is one in which the price is the big element and in which quality is easily defined. Monopoly is not easy. It takes careful rigging with Government cooperation. This is an isolated example of how the affiliates and AID have alone paid this artificial, posted price.

Mr. TOWER. In other words, the oil is acquired offshore. Is that correct? Is it acquired outside the United States?

Mr. PROXMIRE. It is acquired substantially, though not entirely, from American companies, some of the big American companies—it may be the Standard Oil Co. of New Jersey, or some other American company—which have holdings all over the world.

Mr. TOWER. The oil is not domestically produced, but is produced in such places as Indonesia, or other parts of the world. Is that correct?

Mr. PROXMIRE. I am sure that would be the case in most cases, although perhaps not in all.

Mr. TOWER. Would the adoption of the Senator's amendment have any effect on the price of domestic crude or the importation of foreign crude into this country? This subject may seem abstract, but I wonder if the Senator could give his opinion on it.

Mr. PROXMIRE. The impact of the amendment would be negligible on the price that AID pays. Although \$100 million is a great deal of money, this business, as the Senator knows, is an enormous business, involving many billions of dollars a year. Therefore the purchases by AID could not be said to be so significant as to affect the price. Perhaps if the Defense Department were adopting this position, it could have an impact.

Mr. TOWER. The Defense Department, of course, gets it for its own use. Is that correct?

Mr. PROXMIRE. Yes; and it buys at competitive prices, too.

Mr. CLARK. I was of the view that under the AID program there was, if not a compulsion, at least a persuasion always to "buy American," to buy from American companies. That policy might well account for the fact that the recipient countries would have the say about where the oil that they receive should be purchased. The AID people were acting under a governmental policy by which they were supposed to buy American products for use in the AID program. Therefore, American oil should be bought.

Mr. PROXMIRE. I think there is something to that statement. The fact is that last year 17 percent of AID oil was purchased not from American companies but from foreign countries. The fact is that the recipient countries buy not only from American but from foreign countries. The thrust of the Sena-

tor's question may be correct. In other words, we have tried to influence the countries to buy from American companies wherever possible, for it does have a somewhat favorable effect on our balance of payments.

Mr. CLARK. Is it not generally what might loosely be called a cartel of oil companies, in which the U.S. oil companies participate, which results in a posted price for oil? My understanding is that it is the Gulf coast posted price, which is far above the world price, and it is that higher price which AID is insisting be paid for oil delivered to foreign countries.

Mr. PROXMIRE. I believe that the Senator from Pennsylvania is correct. I appreciate that statement, which I believe gives emphasis to the point.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. LONG of Louisiana. Can the Senator tell us what part of the oil is produced by American or domestic producers?

Mr. PROXMIRE. American domestic producers? I do not have those figures. We have studied the question for a couple of years and we have asked this kind of question over and over again. It is our impression, as I said to the Senator from Texas, that very little is produced by American domestic producers. Much of it is procured from American companies, but from their foreign holdings.

Mr. LONG of Louisiana. I gained the impression that the amendment would preclude any American-produced oil from being sold into the AID program on that basis.

Mr. PROXMIRE. Oh, no. The amendment would not have that result at all. There is no reason why we should buy at posted prices from American companies; I mean American companies which are producing in Texas, Louisiana, Oklahoma, or some other American State. It is very, very unlikely that we would do that, as the Senator from Louisiana knows, because if we are buying oil from South American countries, and relatively little of it goes there, we would be much more inclined to buy from Colombia or from one of the other South American countries, and certainly in southeast Asia the transportation situation—that is where a great deal of the oil goes—would necessitate our buying it out in that area.

Mr. LONG of Louisiana. Is the Senator aware of the fact that in trying to protect our balance of payments, our country has been trying to go more and more on a buy-American basis? Obviously in a great number of instances—in fact, any time the decision is actually meaningful—invariably the decision is to buy American, even though it costs more than it would to buy from foreigners to help protect our balance of payments.

Mr. PROXMIRE. It seems to me that we would be much more likely to buy from American companies if the amendment is adopted. I make that statement for several reasons. For one thing, people who are interested in the amendment and who have talked to me are

overwhelmingly from American independent companies. They feel very strongly that they have been excluded from the situation. They would like to bid and participate.

Second, we have a very competitive oil industry, whereas the foreign countries are cartelized and operated on a much more monopolistic basis, and lend themselves much more to the posted price kind of procedure.

Mr. LONG of Louisiana. As the Senator knows, the foreign price is lower than the American price, to begin with. It is difficult for me to see how any American oil could be shipped to meet any of the AID requirements, if the American companies must not only meet the foreign price but also must pay the ocean freight to get it to where it is to be used. On that basis I would gain the impression that what the Senator is doing is going exactly opposite from the buy-American policy. We tend to hurt our balance of payments insofar as Americans are denied the right to sell oil. In addition, it seems that the amendment might very well keep American producers from having an opportunity to sell where they might have a market available to them. The Senator knows that with regard to almost everything else we manufacture in this country the buy-American policy reaches out to it.

Every industry except oil is given an opportunity to benefit. We have a big shipping subsidy. I think it should be more, because that is one way in which we can help our balance of payments. We buy a great many things abroad. We buy a great many American commodities and ship them abroad. In many instances, in doing business with foreign concerns, we require that they spend the dollars they receive in order to buy American commodities.

Mr. PROXMIRE. The Senator from Louisiana might well offer an amendment which would require us to provide American-produced oil in the AID program. But my amendment would not affect that policy at all. So far as I know—and the State Department has had plenty of time to come up with other figures—not a gallon of AID oil is produced in this country. Perhaps some of it is, but I doubt it very much. All the economic elements and other elements in the situation would indicate that very, very little—and perhaps none of it—is bought here.

So far as the balance of payments is concerned, the amendment would help in our balance-of-payments situation because it would reduce the amount of American aid dollars that are required to buy the oil that is needed. It would reduce the amount by \$16.5 million or \$17 million, which in a \$100 million total is a substantial amount. There is no question that the amendment, regardless of any other possibilities, would have the effect of improving our balance-of-payments situation. It would reduce the amount that we spend.

Mr. LONG of Louisiana. The Senator knows that the American companies make a showing that they are bringing into this country on an annual basis a

greater amount than they are taking out. I believe the favorable balance of payment that we have with regard to the oil and gas industry is about \$400 million. Of course, they must make some money over there in order to be able to do that.

I reserve any further question.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the distinguished Senator from Alabama.

Mr. SPARKMAN. I am somewhat puzzled by the fact that the Senator has offered two amendments in one. It seems to me that there may be merit in his argument with reference to the first part of the amendment, that is, the posting of prices. I am not talking about how good business might dictate the posting of prices, but I do understand—and I take the Senator's word for the fact—that it cost us extra money last year by reason of using these posted prices.

But the second part of this has to do with barter sales. I can only take the word of the agency that administers the Act, but that agency has stated that the proposal might completely end barter purchases, barter sales, and that is where the balance of payments would be greatly affected, because in making those barter transactions, surplus commodities are used in lieu of dollars to buy the products, the commodities that are needed in the AID program, and the amendment would put an end to that. That is where the big money would be involved, and money that, as I see it, which would affect our balance of payments disadvantageously.

Mr. PROXMIRE. I would be happy to separate the amendment. Of course, it could be separated by any Senator who would wish to do so. Frankly, I am offering the amendment in its present form in order to save the time of the Senate and the time of the Senator from Alabama.

We have a unique situation in relation to paying barter commissions in the AID program. It is not the custom; it is not done in the commercial area at all by the buyer. It is done by the seller, by the supplier. We feel under those circumstances that there is every reason to expect and predict that the bartering agents get double commissions this way. They get one from the buyer and one from the seller. What we are trying to provide is that the usual commercial method be used. We would provide that the bartering commissions be paid by the seller rather than making the Federal Government pay them.

Mr. SPARKMAN. As I understand, what happens is that we employ a barter agent—or I suppose in this country we would call him a broker—to buy up the things that we desire, to bring together the two parties, those who want our surplus commodities and those who have the things that we want to buy and use in our AID program. In other words, we employ him, as I understand it. This is a most complex and technical subject.

Mr. PROXMIRE. The Senator from Alabama has raised a very good point. Frankly, the amendment as originally drafted and submitted was defective.

It went much further than we thought it should go. Is the Senator referring to amendment No. 236?

Mr. SPARKMAN. I looked at it earlier today.

Mr. PROXMIRE. I had an earlier amendment that went further with respect to barter agents' commissions than it had to go, and raised the point which the Senator from Alabama properly raises. Let me read the language of this amendment, which is now corrected. Does the Senator have the amendment No. 236 before him?

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. This amendment reads, in part:

No part of the funds made available under this act or Commodity Credit Corporation owned commodities shall be used to pay any barter contractor's commission or disposal fees (commodity disposal cost) in any case in which commodities furnished to a recipient country are procured through the barter of other commodities and any such commission or fee shall be paid or absorbed by the supplier of the commodities through a reduction in anticipated profits.

It does not provide that suppliers may not pay a commission. That was the point that was objected to by AID in the original amendment. We have eliminated that. All we provided was that AID shall not pay the barter agent's commission.

Mr. SPARKMAN. Of course, it still has a barter situation in it. I have read the substance of the comment that the AID agency has made, concerning the way the business is carried on.

There are two main types of barter transactions. In one type the barter contractor is "paid" by the CCC in the form of commodities. In other words, the barter contractor agrees to furnish certain goods to a third country in return for a specified quantity of CCC-owned commodities.

In return, they specify the quantity of CCC-owned commodities. This specified quantity is determined by competitive bidding, and the barter contractor makes profit or suffers a loss depending on his business acumen and how well he has calculated his bid. This amendment seems to mean that the barter contractor would be prohibited from making a profit. In that case, of course, it would be impossible to arrange any barter transactions, and the barter program, which is helpful to the U.S. balance of payments, would come to an end.

Mr. PROXMIRE. That is exactly my point. That refers to the earlier amendment. The language here is clear. It does not prohibit a barter contractor from receiving the commission he has always received from the supplier. It does not interfere with or prohibit that practice.

The amendment merely provides that the Commodity Credit Corporation which acts as the AID agency in this case, shall not, in effect, pay any barter contractor's commission. So the amendment does meet the specific objection made by AID. The amendment would not interfere with the normal practice, and it would not prevent or prohibit payment of a commission.

The "yeas" and "nays" on the amendment have already been ordered. If the Senator from Alabama is agreeable, I should be happy to ask unanimous consent to rescind the order for the "yeas" and "nays" if he would be willing to support the posted price aspect of the amendment.

I shall be happy to separate the amendment, to ask unanimous consent for the rescinding of the order for the yeas and nays, and to dispose of the amendment by acting on the first part of it now by voice vote, if that is the Senator's disposition.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield, while the Senator from Alabama is considering that proposal?

Mr. PROXMIRE. I yield.

Mr. CLARK. I hope that the Senator from Alabama will accept that suggestion. A similar amendment was adopted by the Senate last year. I attended the hearings at which the amendment was considered, and I supported the amendment, which was carefully considered and adopted last year by the Senate.

I also read with some care the reply of AID. I find it quite unpersuasive.

It seems to me that we are vastly overemphasizing what seems to me to be a simple matter.

I ask the Senator from Wisconsin if I correctly understand that what the amendment seeks to do is to provide that the world price, determined on a free market basis for oil, shall be paid by AID, instead of the artificially fixed and controlled posted price, which regulates the price of oil in this country at a far higher level than abroad.

Mr. PROXMIRE. The Senator is absolutely correct. He states the proposal much better than I have stated it, and has done so concisely.

Mr. MILLER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. MILLER. I should like to ask, apropos the question asked by the Senator from Pennsylvania, whether this concept of the Senator's amendment, that the world price shall govern rather than the posted price, might result in a situation in which the Soviet Union, for example, which is highly competitive in the world oil market, might, by reason of being the low bidder, be awarded the contract, rather than an oil company owned or operated in the United States.

Mr. CLARK. I suggest to the Senator from Iowa and the Senator from Wisconsin that all materials furnished in the AID program are required to be furnished by American companies, whether or not their prices are higher than others. This is done for two good reasons: to support the buy-American principle and also to protect our own balance of payments. It is highly unlikely that AID would purchase from any but American suppliers.

Mr. MILLER. The amendment of the Senator from Wisconsin would not lay a foundation for violating that policy; would it?

Mr. PROXMIRE. The Senator is correct. All the amendment would do would be to put AID on the same basis as the

Department of Defense. The Department of Defense does not buy from Russia, but buys competitively on the world market to obtain the best price.

But it is excellent legislative history to emphasize that the amendment does not breach the present procedure of not buying from Communist countries. The Senator from Iowa has raised a good point, and I appreciate his doing so.

Mr. TOWER. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. TOWER. The situations are not comparable, because AID buys for its own use.

Mr. PROXMIRE. That is true.

Mr. TOWER. I should like to hear the Senator address himself to the comments in the AID memorandum.

Mr. PROXMIRE. I am doing that in the course of my presentation.

Mr. TOWER. The AID memorandum states:

The amendment would increase the administrative burden on AID in carrying out its pricing regulations without compensation in savings. For example, it would involve AID in costly, time-confusing arguments, and possible litigation.

The amendment will make the administration of the foreign exchange laws and regulations of foreign countries more difficult and will invite fraud and corruption in the administration of those laws.

The actual result of the amendment would be to deprive AID, in many cases, of any effective control over prices charged in AID-financed petroleum sales.

Mr. PROXMIRE. That is pretty powerful rhetoric, but it does not make any sense. After all, what we are saying is that AID should pay on the same basis as the generality of commerce pays.

Mr. TOWER. That is exactly my statement.

Mr. PROXMIRE. I know. After all, people who purchase oil for relatively small companies do not pay the posted price. They insist on paying the competitive price or the world price. I am saying that AID should do the same thing. It is inconceivable that this procedure should be more expensive and require more administration. They would have to ask for competitive prices, but that does not involve a great deal of additional bureaucracy or expense on their part. It certainly is not corrupt. It seems to me that it is the essence of free enterprise, and that prevents corruption.

Mr. TOWER. Referring to the question asked by the Senator from Iowa, would the oil be required to be purchased from none but American companies?

Mr. PROXMIRE. No. Under the AID program, 17 percent is bought from foreign companies; and, of course, what is bought from American companies is overwhelmingly produced abroad.

Mr. TOWER. Do we buy from Dutch Shell?

Mr. PROXMIRE. We buy some. We do not pay the competitive price, of course. We buy from them at the posted price.

Mr. CLARK. It occurs to me that the Defense Department analogy should be

pressed harder than has hitherto been the case.

If the objections of AID are sound, why are they not compulsive with the Defense Department? Obviously, the Defense Department does not think those objections are any good or it would be paying the posted prices. In addition, the analogy is even closer. While the Defense Department buys for its own use, AID buys for someone else, and the money is that of the American taxpayers. The taxpayers are entitled to the best possible return for their funds.

Mr. PROXMIRE. I thank the Senator from Pennsylvania.

Mr. President, I also reject the theory of AID officials that the huge oil companies will not compete for AID's business because AID does not buy in sufficiently large quantities. I am sure that all Senators have had the experience of observing that gasoline stations of even the largest oil companies meet the price competition of independents by matching and even exceeding any price cut. If Standard Oil will compete for my 5 gallons of regular, why would not it compete for AID's tens of millions of dollars of oil purchases?

The first part of the amendment would require that petroleum products procured with AID funds be purchased at a "price generally charged by the supplier in comparable export sales from the source country at the time of purchase" or under formal competitive bid procedures. The term "comparable export sales" as used in my amendment does not include sales to affiliated.

For the past 10 years or more, AID petroleum purchases have amounted to more than \$100 million a year. Virtually all of these purchases, incidentally, have been from overseas sources and a substantial amount from foreign owned companies. Thus, there has been a substantial drain on our balance of payments from these purchases alone.

The great bulk of these purchases have been made through seven international companies which have affiliated operations all over the world. My amendment would exclude "sales to affiliates" of these oil giants in determining market price because transactions between the seven international companies and their affiliates are conducted at artificially arrived at purchase rates, termed "posted prices," fully 20 to 40 percent above world prices for petroleum products.

We have indicated this before. However, let me stress it again. Why are "posted prices" used in transactions between these huge oil firms and their own affiliates?

Basically, these artificially arrived at posted prices are meant to give the international oil companies certain tax breaks. For example, a company has oil production facilities in Saudi Arabia and a processing affiliate in France. Prices posted at the wellhead in Saudi Arabia are 20 to 40 percent in excess of the competitive world price. The French affiliate pays the abnormally high price, deducts it on its tax return as a cost of doing business, and thus escapes the high French tax rate on the extra money it

paid to its own Saudi Arabian operation for its oil. It does not cost the company any more in taxes at the Saudi Arabian end because Saudi Arabia charges a uniform perbarrel tax on oil produced within its boundaries, regardless of the price for which the oil is sold. Consequently, the extra amount paid by the French affiliate for the oil is not taxed in Saudi Arabia.

This may make good sense in terms of the internal transactions of international oil companies. But it does not make good sense for the American Government to pay these posted prices. No other non-affiliated purchaser would. In fact, the Department of Defense, which uses enormous amounts of oil products, never pays posted prices for them. Why should AID do so then?

On the basis of AID's own figures, the agency last year paid posted prices for about 55 percent of AID financed petroleum sales of approximately \$100 million. Assuming the posted price markup was an average of 30 percent, the savings to the American taxpayer would have been \$16,500,000 if AID would have paid competitive rather than posted prices.

Bulk fuels—gasoline and kerosene—constituted 50 percent of AID financed sales of petroleum products in 1964. Of this, half went to Korea and was purchased at competitive prices through use of Department of Defense stocks. Forty percent of the bulk fuel purchased went to Vietnam and Laos at posted prices.

When asked to account for this, AID contended that the storage and distribution facilities in Vietnam and Laos are owned by affiliates who must buy from the major suppliers at posted prices. In my estimation, this is a totally unacceptable situation—one that AID should fight, not meekly accept.

If there presently is virtually no discounting from posted prices for movements of bulk fuels into the Far East, AID should encourage competition to develop by requiring advertised bidding. If it is true that there are areas in the world, such as the Far East, where no price yardstick exists outside the posted price, then formal competitive bid procedures should determine the purchase price. How can there ever be a competitive market if major purchasers such as AID are willing to pay artificially high prices?

My amendment would require formal bid procedures be used in areas where the only existing transactions are in posted prices. This would permit independent producers to bid in the kind of competitive market for which the United States should be known. The practice followed by AID has cost American taxpayers millions of dollars and has put us in the position of not living up to the free enterprise that we preach. Surely the non-competitive, rigged, artificial prices countenanced by AID cannot qualify under our country's definition of free enterprise.

AID's practice of paying posted prices for oil is damaging our country in two other respects. First, it has hurt us in the balance-of-payments situation. A significant part of the AID-financed oil program last year was handed on a

golden platter to foreign suppliers—virtually all at posted prices. Much of this business is going to French companies at a time when the French Government is doing everything in its power to not only embarrass the U.S. Government, but to force changes in world monetary policies which would have serious repercussions on the status and position of America in the free world.

I am not advocating that all AID oil be purchased from American companies. I am suggesting that it is unwise for this country to increase our balance-of-payments difficulties by paying prices to foreign oil companies that are 20 to 40 percent higher than competitive prices.

Another danger of continuing the posted price purchasing practice is that by forcing recipient countries to use foreign aid funds to buy oil at prices 20 to 40 percent in excess of the market price, we are encouraging these countries to cut costs by building their own facilities or expropriating existing facilities of affiliate companies charging posted prices.

This is the point that I raised with the distinguished senior Senator from Louisiana [Mr. ELLENDER].

For example, the Governments of Ceylon and Syria have expropriated all oil facilities. Tunisia and Ghana have built their own refineries. This is not surprising. What is surprising is that similar action has not yet been taken in all countries where one international oil company uses its position as the only distributor or supplier to charge exorbitant, artificially set prices for oil.

The second part of my amendment is designed to stop still another abuse in the AID-financed oil program.

How would this save money and how much? One of the ways in which petroleum products are purchased for foreign countries with AID funds is through barter. For example, funds are used to purchase other commodities which can in turn be exchanged for oil and gas.

Suppliers of other products customarily pay the servicing charges and disposal fees associated with their sales. These are normal business costs. But when AID finances barter transactions involving oil, it insists that the oil suppliers should not pay brokerage or selling costs. Why should the Government pay the brokerage fees? Why should normal business procedures be overturned merely to benefit one industry which hardly is in need of subsidy?

Officials of AID have been critical of this provision of my amendment on the mistaken ground that it would make it impossible to use barter arrangements. This criticism ignores the fact that suppliers have been paying agents' fees under barter arrangements since the program has been in operation.

Another criticism—that my amendment would preclude the inclusion of the barter contractor's charge in the price of the goods financed by AID—is also false. Actually, the amendment prohibits the payment by any Federal agency of these fees in the form of additional agricultural surpluses or otherwise. Whenever we do pay this commission, it is likely that the barter agent will receive a double

commission—one from the supplier and the other from the Commodity Credit Corporation, which frequently participates in barter transactions through sales of surplus food. My amendment would eliminate this possibility of a double commission.

I find it strange that an arm of the Government would oppose a measure that is designed exclusively to save the taxpayers' money while at the same time not curtailing any existing program. If the administrators of this program are not concerned with the waste of public funds, then the Congress must assume this concern and act forcefully.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MILLER. Mr. President, I should like to discuss very briefly the other part of the amendment. It might be helpful for the RECORD.

Mr. PROXMIRE. That is agreeable.

Mr. MILLER. I am not sure that we have cleared up the difficulty which I previously mentioned.

I believe that both the Senator from Wisconsin and the Senator from Iowa have the same objective in mind. But I am not sure, as yet, that the amendment clears it up.

I shall read from amendment No. 236 of the Senator from Wisconsin. The amendment points out that the general policy is going to be that:

In the case of petroleum or petroleum products, the price generally charged by the supplier in comparable export sales from the source country at the time of purchase.

I want this question cleared up. An exception to that general provision is provided for by the amendment of the Senator, which would provide that that particular clause of the foregoing sentence shall not apply to the purchase price in sales under formal competitive bid procedures.

That is the way AID can avoid this provision. What the Senator from Wisconsin has in mind is that there would be formal competitive bid procedures as a general practice. However, I presume that if the AID administration desires to avoid formal competitive bid procedures, all it would have to do would be to buy from suppliers at comparable export sales prices from the source country.

Mr. PROXMIRE. That is correct. However, we exclude sales to affiliates from the competitive export price.

Mr. MILLER. I do not see where in the amendment that exclusionary provision is.

Mr. PROXMIRE. It is on line 11, page 1, going over to page 2. The words are:

The term "comparable export sales" as used in such clause shall not include sales to affiliates.

Mr. MILLER. That is so; but the point is that the competitive bid procedure can be applied and AID will buy at comparable export sales.

Mr. PROXMIRE. That is correct. Any useful system for buying at the world price is fine. We do not want to go through the unnecessary procedure of advertising bids if a competitive world

price can be established and products can be bought on that basis.

Mr. MILLER. In determining the competitive world price, the intention of the senior Senator from Wisconsin is that countries such as the Soviet Union not be considered similar. In line with what the Senator from Wisconsin has just said, the French oil companies and their competitive bidding would not be taken into account. Is that correct?

Mr. PROXMIRE. We would not mean to exclude French or other free world companies. We buy from the French under the present arrangement. We do not want that to change. We do not buy from the Russians. We do not want that to change. There is no intention under the amendment of buying either from Russia or Red China. Red China does not have any to offer, anyway.

Mr. MILLER. There is nothing in the amendment that provides we shall do so?

Mr. PROXMIRE. As the Senator from Pennsylvania pointed out a little while ago, we have had much experience in buying at the competitive world price. The Defense Department always does it. There is no question about the Defense Department buying from Russia. It never has.

Mr. MILLER. I understood that the Senator did not like some of the disadvantage of buying from the French, in view of the French attitude toward our gold situation.

Mr. PROXMIRE. We are giving France an unnecessary advantage by paying the posted price, and the French companies are earning 20 to 40 percent more than the competitive world price would bring. We are damaging our balance of payments by doing this. I am for purchasing from the French. This amendment does not preclude that, but it provides that we should purchase on a competitive basis, and not on an artificial basis. The amendment would enable us to purchase on a competitive basis.

Mr. MILLER. I wish to have it made clear that when we talk about the world competitive price in competition under free trade we should not take into account companies under Soviet control or other Communist-dominated oil suppliers. I think it would be most unfortunate, for example, if a price of \$3 a barrel for a certain type of oil were generally the world price, but the Soviet Union had a price of \$2 a barrel, and the \$3 price should be diluted as a result.

Mr. PROXMIRE. The amount of these purchases is 3 percent or less of the total amount of all AID expenditures. None of the rest of the AID expenditures are paid for at artificially rigged prices. The other AID purchases are made on the basis of competitive prices. I am only saying that that is the way we should buy oil. We do not buy other commodities involved in AID from Russia or other Communist countries. There is nothing in the amendment that is opposed to the present practice or that would persuade us to feel that we, as a result of adoption of the amendment, were going to be compelled to buy oil from Russia, or that there is any possibility of it. We are making a legisla-

tive history to this effect. I assure the Senator from Iowa and other Senators that there is no intention that we should purchase oil from Russia or other Communist countries.

Mr. MILLER. I grant that, but in determining the competitive world price, assuming that we are not going to buy from the Soviet Union and are going to buy from an American-owned company or affiliate; for example, it seems to me the decision by AID, in support of a competitive world price, should not be guided by or affected at all by what the Soviet Union is offering its petroleum products for. That is my point. If, for example, the competitive world price, excluding the Soviet Union were \$3 a barrel, but the Soviet price were \$2 a barrel, which would dilute the price down to about \$2.50 a barrel, it seems to me we would have an artificial price which we do not want to take into account.

That problem can be taken care of by legislative history, insofar as the Senator's interpretation of his amendment is concerned. All I want to be certain about is that when we talk about competitive bid prices we are talking about bids which do not take into account bids or prices by the Soviet Union or Communist-controlled countries. Is that correct?

Mr. PROXMIRE. That is correct.

Mr. SPARKMAN. Mr. President, if the Senator will yield before he leaves the subject of posted prices, along the lines of the colloquy a moment ago, there is something that disturbs me. It is one of the difficulties the Agency encounters. What was the expression that was used? Was it "competitive prices"?

Mr. PROXMIRE. Competitive prices.

Mr. SPARKMAN. Competitive prices, or comparable prices. The trouble is that in most areas of the world in which AID finds itself involved in these transactions there is a single supplier or there is an intercompany arrangement, and a competitive price cannot be had. A competitive bid cannot be obtained; so a comparable price cannot be obtained. In certain countries where AID finances the import of petroleum products, particularly in Vietnam and Laos, virtually every import is an intercompany transaction.

We are talking about competitive bidding and comparable prices as if the conditions which prevail in this country prevail in those areas, but they do not. I wish the Senator from Wisconsin would comment on that point.

Mr. PROXMIRE. The Senator has made a very strong point. It has been stated that the Defense Department is in a different position. The position I take in my speech is that this is exactly what AID should fight for. The bid may not be accepted, but it seems to me AID should at least ask for a competitive bid. If it gets only one, at least it has tried.

The Defense Department buys all over the world in the same way. It has been said that the Defense Department buys a great deal more. That is true. But AID buys \$100 million of oil products in a year.

We all know the way the oil industry has developed in this country. If there are two or three competitors in Milwaukee, for example, and one company cuts gas prices, a company like Standard Oil, Shell, or another huge giant, does the same thing. We believe that if the same effort were made to obtain a world competitive price, it would be helpful.

Mr. DOUGLAS. Is it not true that there was at one time a world oil cartel—there still is a world oil cartel on paper, and partially in practice—that the oil wells in the Persian Gulf area have such a terrific flow each hour of every day that production costs are lower there. The oil cartel has been making huge profits per barrel, and holding prices down to somewhere near the American level, minus freight—in some cases plus freight; but now that more competition has come into the field, with the development of oil wells in Algeria and the Sahara Desert, there are signs that the cartel is in difficulty on its prices.

As I understand the amendment of the Senator from Wisconsin, he would try to use the growing competition as a club with which to compel the cartel—largely American in origin but not entirely American in origin—to reduce its prices. I believe that the Senator from Wisconsin makes a strong argument to the effect that, if the Department of Defense can do this, why cannot AID do it also?

Mr. PROXMIRE. Yes, indeed. The Senator from Illinois has been most helpful in pointing out that the international oil situation is such, and the economic situation is such, that my amendment would work, and work practically, and work well. We do not have a situation in which there is a world shortage of oil. There is an excess of oil in the world today. The situation lends itself to a buyer's market. The situation is such that if we believe in competitive prices, we can cut the costs of the AID program, save the taxpayers' money, and also assist the balance-of-payments problem—although on a moderate scale.

Mr. TOWER. Mr. President, will the Senator from Wisconsin yield?

The PRESIDING OFFICER (Mr. BASS in the chair). Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. PROXMIRE. I am happy to yield to the Senator from Texas.

Mr. TOWER. Is the Senator suggesting that an established marketing system could possibly be broken or upset by AID putting out \$100 worth of petroleum purchases for competitive bidding? According to AID, it would make the problem more difficult and would remove, from its point of view, any effective control over the prices charged to AID. This is AID's contention.

Mr. PROXMIRE. We are not saying that this would revolutionize the world procedure. There are cases in which it would provide competition and substantially reduce prices. In many other cases it would not. We are saying, that there will at least be an attempt to get competitive prices. It will be perfectly proper and legal, under the amendment, in such cases, to pay comparable export prices.

Mr. TOWER. The major oil companies contend that this would upset the arrangement now in effect, by which the oil is stored and distributed through private commercial sources, and would make it incumbent upon AID to provide for its own storage and transmission facilities.

Mr. PROXMIRE. The big oil companies have said that is true. But it does not mean that it follows—that such would be the case. Of course, the big oil boys do not wish to have the Federal Government pay less, or have AID pay less. They enjoy getting higher prices, naturally. They cannot be blamed for that. They wish the posted prices to be maintained. However, there is no necessity for AID to establish its own facilities. Because we have the posted price situation, as I point out in my speech, there are two countries which are now establishing their own refining facilities precisely to get away from the posted price procedure followed by AID. There has been expropriation in two other countries because of the present AID policy.

Mr. TOWER. For example, with Sukarno expropriating American oil properties in Indonesia, under the provisions of the Senator's amendment, would Sukarno be eligible to enter a competitive bid for AID-financed oil purchases?

Mr. PROXMIRE. I suppose this is true of almost everything sold. The AID agency buys a myriad items of which oil is only 3 percent. Everything else is bought on a competitive basis. It is clear that it would not be in the interests of this country to have AID follow a policy of buying anything from Sukarno at the present time, or from Soviet Russia, or from Red China. This is a policy that my amendment, it seems to me, does not bear on directly.

Mr. JAVITS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. JAVITS. I wish to ask the Senator a question. I do not wish to be provocative, but the thought came to my mind, as I am sure it has come to the minds of other Senators, as to whether adoption of the Senator's amendment would be a vote of no confidence in David Bell, because we would assume that AID wishes to buy as cheaply as possible.

Mr. PROXMIRE. No, indeed. Quite the contrary. I am glad the Senator has raised that point. I have great admiration for David Bell. I believe that he has been a superlative Administrator—perhaps the best foreign aid Administrator we have ever had. He is operating in a difficult field. The AID Administrator, Mr. Bell, at one time suggested this position, but he was overruled.

Let me quote a regulation which was published in the Federal Register for December 31, 1963, which was never finally approved but stated under section 201.63:

Comparable export sales within the meaning of this paragraph shall not include sales to affiliates.

This is exactly what I am getting at. Mr. Bell thought it was a good system, but later he was persuaded to think

otherwise. When we modify AID procedure, or amend the foreign aid program in any way, why should it be regarded as a repudiation or criticism of the very fine AID Agency Administrator.

Mr. JAVITS. The Senator from Wisconsin has just stated that Mr. Bell thought this was a good system, but now he says that he is against his amendment.

Mr. PROXMIRE. The Agency is against it. It is for the administration's bill, of course. It is against all amendments except a few which the administration will offer.

Mr. JAVITS. I am interested in Mr. Bell's judgment. I can hardly conceive that his judgment would be suborned. It deals directly with the question of being against him unless he had some intellectual conviction on the subject. This is the point I am questioning. Has the Senator had any opportunity to write to him, or to ask him, or in any way to find out why he has apparently changed his views?

Mr. PROXMIRE. The AID Agency is against the amendment. The State Department is against it. Mr. Bell, as head of the AID Agency, speaks for the administration, of course, and is against the amendment. On the other hand, I believe that the Senator from New York is sophisticated enough to understand how these things operate. When one is the head of an agency he accepts the ruling of his superiors. Mr. Bell is an able man. But he does not have the complete authority to speak his mind or the independence of a U.S. Senator.

Mr. JAVITS. The Senator from Wisconsin feels, then, that he cannot get any help from him in terms of whether he changed his mind by intellectual conviction between 1963 and now, or whether he changed his mind because he is the head of the AID Agency?

Mr. PROXMIRE. I am afraid not.

I thank the Senator from New York for his comments.

Mr. MANSFIELD. Mr. President, would the Senator from Wisconsin consider a possible limitation on the debate?

Mr. PROXMIRE. Yes, indeed. I shall be perfectly happy, under the circumstances, to allow more time to the opponents than to the proponents, since I have already taken a great deal of time.

Mr. MILLER. Mr. President, I was about to discuss the possible modification of the amendment of the Senator from Wisconsin which might be discussed very briefly before the time limitation is put on. It might save some time if we could do it in this way.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE ON PENDING AMENDMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that 45 minutes of debate be allowed on the pending amendment, 15 minutes in favor of the proponent, and 30 minutes in opposition to the amendment, the time to be divided between the distinguished Senator from Wisconsin [Mr. PROXMIRE] and the distinguished Senator from Alabama [Mr. SPARKMAN] or the distinguished Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President, reserving the right to object, I wonder if the majority leader could modify his request to have the time begin at the conclusion of the colloquy which I should like to have with the Senator from Wisconsin, and which I am sure will be brief, regarding a possible modification of his amendment.

Mr. MANSFIELD. Yes; with that proviso.

Mr. LONG of Louisiana. Mr. President, would there be time to debate it?

Mr. ROBERTSON. Mr. President—

The PRESIDING OFFICER. The Chair cannot hear the request of the Senator from Montana. Will he restate his request?

Mr. MANSFIELD. I ask unanimous consent that debate on the pending amendment be limited to 45 minutes, 15 minutes to be under the control of the proponent of the amendment, the Senator from Wisconsin [Mr. PROXMIRE], and 30 minutes under the control of the chairman of the committee [Mr. FULBRIGHT] or the Senator from Alabama [Mr. SPARKMAN].

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President, reserving the right to object, will the time begin to run at the conclusion of my colloquy with the Senator from Wisconsin?

Mr. MANSFIELD. From the time the Senator concludes his colloquy.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERTSON. Mr. President, is it the intention of the distinguished majority leader to call up the appropriation bill for the Treasury and Post Office Departments today?

Mr. MANSFIELD. Yes.

Mr. MILLER. Mr. President, it seems to me that in line with our discussion of the competitive world price and in our emphasis on the buy-America program, which is the general policy of AID, we might make the amendment correspond with that policy so far as formal competitive bidding procedures are concerned.

I wonder if the Senator from Wisconsin would favorably consider a modification of his amendment so that on line 10, page 1, following the word "sales," we would insert the words "by U.S. suppliers or other affiliates."

This would make it very clear that in the event there is competitive bidding, it will be competitive bidding with respect to U.S. suppliers or their affiliated suppliers.

In the case of a French oil company, for example, if AID desires to follow that route, they could come in under the first clause of the amendment, so that it would not be necessary to exclude them. However, it would make it clear that when we talk about competitive procedures we are talking about American-owned or American-affiliated oil companies.

Mr. PROXMIRE. I would not like to modify my amendment in that way, although I appreciate the help of the

Senator from Iowa. I know how sincere he is. I notice that we buy 59.9 percent of our oil—at least AID does—from so-called major international companies, like Standard Oil Co., Royal Dutch Shell, Gulf Oil, British Petroleum, Standard Oil of California, and Texaco. Most of them are American owned. Some are not. Seventeen percent of the oil is bought abroad. I believe it a healthy competitive situation to have the other countries of the free world involved in this competition, especially in view of the fact that virtually all the oil is bought abroad. I believe none of it is bought in this country. Therefore it makes sense to have Standard Oil, for example, in competition with British Petroleum.

The American taxpayers are better served if that is the case, because they get a better price, and the foreign aid program costs that much less.

Mr. MILLER. Mr. President, there are two answers to what the Senator has said. The first is that we do not follow that policy under AID. The Senate already has recognized that policy. Granted that in some cases a lower price may be available, the buy America policy requires purchases from U.S. suppliers.

The second point is that if it is desired by the AID administration to buy from one of the international oil companies which is not a U.S. company or its affiliate, it can do so by using the "comparable export" sales prices in the first part of the amendment.

Therefore I really do not believe that the Senator from Wisconsin correctly gages the thrust of my proposal.

What I am trying to point out is that when we get into the competitive bid procedure, which is the thrust of the amendment, insofar as our U.S. companies are concerned, they are the ones who will enter into the competitive bidding. If that is not satisfactory, the AID administration can come in under the first clause of the amendment and use the price generally charged in "comparable export" sales.

Mr. PROXMIRE. This is a part of the provision under the old law, too. This proposal would not change it. My amendment has nothing to do, so far as I know, with the so-called buy-America provision. It would not change the present situation. They are buying now from Royal Dutch Shell and British Petroleum. They are buying it under the present provisions of the Buy-America Act. There is nothing in the amendment that would vitiate anything in the Buy-America Act.

Mr. MILLER. Then I fail to see the difficulty with my proposed modification. Let me ask the Senator a question. Suppose there is a situation in which several U.S.-affiliated companies are involved, and a French company is also involved. Under my amendment, competitive bidding by the U.S. company would be the way. But I point out to the Senator from Wisconsin that if that competitive bid is not adequate and not satisfactory, or if it should be deemed to be overreaching, all the AID administration would have to do would be to take the first clause of the amendment and see

what the French price would be under the "comparable sales" provision, and it could go that route.

All I am trying to do with my modification is to make it clear that when we have competitive bidding it be competitive bidding among U.S. companies.

Mr. PROXMIRE. I am sure the Senator is sincere, but I would like to study the full impact of his proposal. My present reaction is that I would be against his proposal. However, during the course of the presentation by the Senator from Louisiana [Mr. LONG] and other Senators, we shall have time to study it.

Mr. MILLER. I thank the Senator.

The PRESIDING OFFICER. The limitation on time for debate begins now. The time allowed is 45 minutes—30 minutes is allowed to the Senator from Alabama.

Mr. SPARKMAN. I yield 5 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I have great respect for the sincere purposes of the Senator from Wisconsin. However, likewise I honor the integrity and honesty of Mr. Bell, the Administrator of AID.

There is pointed divergence between the views expressed by the Senator from Wisconsin and those expressed by Mr. Bell, the Administrator. I should like to point out what Mr. Bell has said on this subject. I read from page 224 of the hearings:

The executive branch strongly opposes the Senate amendment.

The amendment is based on assumptions which are incorrect. Under the Senate amendment there would be no effective savings to the foreign aid program. Further, the amendment would have the following adverse effects:

(1) The amendment would increase the administrative burden on AID in carrying out its pricing regulations without compensation in savings. For example, it would involve AID in costly, time-consuming arguments and possible litigation.

(2) The amendment will make the administration of the foreign exchange laws and regulations of foreign countries more difficult and will invite fraud and corruption in the administration of those laws.

(3) The actual result of the amendment would be to deprive AID, in many cases, of any effective control over prices charged in AID financed petroleum sales.

I now go to page 225:

Underlying the Senate amendment, is the assumption that the major international petroleum suppliers sell to their affiliates in recipient countries at so-called "posted prices" which allegedly exceed prices established in competitive sales to other purchasers by 20 to 35 percent. The amendment is apparently intended to preclude AID from financing posted prices.

He goes on to say:

The executive branch believes that these assumptions are incorrect.

The Senator from Texas [Mr. TOWER] mentioned these only a few minutes ago. If one attempts to read the letter sent to the committee by AID, he would have to spend hours to interpret and understand it clearly. The significant aspect of the treatment of this subject has not been mentioned on the floor of the Senate. It is difficult to analyze exactly what the ultimate financial impact of

petroleum and crude oil buying program will be on the Treasury of the United States.

The members of the Foreign Relations Committee recognized that fact. We called upon the General Accounting Office to study the question and report to us. The General Accounting Office took a look at it and said, "It will take us 3 months to delve into this question and to reach a conclusion that we can say is sound. Even then we shall not be prepared to report to you in writing, but only on an oral basis."

I point that out to show the complexity of the problem. I have listened to this argument for 2 years; and, having listened to it on the floor of the Senate and in the committee, I must say that it is unclear to me. I make no confession that I am possessed of a dullness of mind so grave that I would not have some clarity of understanding of it if it were a simple problem.

It must be admitted that the problem is complex. The Senator from Wisconsin [Mr. PROXMIRE], having in mind the good of the taxpayer and the purpose to save taxpayers' dollars, sincerely and honestly propounded his amendment. But I cannot disregard the words of Mr. Bell of the AID program, and impliedly the fortification that the administration gives that it is not extravagantly and deliberately feeding dollars into the coffers of the oil companies.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield an additional 2 minutes to me?

Mr. SPARKMAN. I yield 2 minutes to the Senator from Ohio.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. LONG of Louisiana. The best information I have been able to obtain from the AID officials is that only in Laos and Vietnam would the amendment make any difference, because in all other areas AID is purchasing on a so-called competitive basis. But in Laos and Vietnam as little as 1 percent of the sales in that area are not on a basis of inter-company practices.

As the Senator knows, AID has all sorts of requirements to protect against monopolistic practices. The prices paid appear to be reasonable under the circumstances, and there is no information to the contrary.

The force of the amendment would be to try to determine that the price of 99 percent of the oil ought to be based upon the price of 1 percent of it.

Mr. LAUSCHE. I believe a reading of the letter will disclose that in Japan we deliver most of the fuel, and there we get it not from the oil companies, but from the Department of Defense which brings in its large ships and transfers it. That cannot be done in a few of those countries in southeast Asia.

Mr. LONG of Louisiana. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I yield.

Mr. LONG of Louisiana. With regard to the oil which we have delivered in

Japan, the Navy furnishes all the necessary bulk storage facilities, which naturally enable us to buy on a larger basis and for our own use rather than resale. That action then tends to put the Department of Defense in a position of buying on a more advantageous basis.

Mr. LAUSCHE. Mr. President, it is my opinion that the complexity of the problem requires a detailed study by the Accounting Office with a report back to our committee next year as to what should be done.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. TOWER. Mr. President, will the Senator yield 2 minutes to me?

Mr. SPARKMAN. I yield 2 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 2 minutes.

Mr. TOWER. The Senator from Ohio is absolutely correct, and so is the Senator from Louisiana. AID has provided us with a summary position paper which states:

AID does not finance posted prices when other prices are available. A review of AID expenditures shows that AID has financed at posted prices only when such prices are the prevailing ones in an area, and at discounted prices when there is a pattern of discounting in an area. There is virtually no discounting in primary places where the product has been financed at posted prices.

As the Senator from Ohio has pointed out, that means Vietnam and Laos.

Mr. LAUSCHE. Mr. President, I believe the course that we should follow is to order the General Accounting Office to check into the question and to give us a factual, sound report about what the ultimate fiscal results are through the practices followed by AID.

I yield the floor.

Mr. SPARKMAN. I wonder if the Senator from Wisconsin would like to use a portion of his time.

Mr. PROXMIRE. Mr. President, I prefer to reserve my time, because I have already placed most of my argument into the RECORD.

The PRESIDING OFFICER. Did the Senator from Wisconsin say that he yielded back his time?

Mr. PROXMIRE. No; I said I would withhold the use of my time. Perhaps later I shall yield back some of it.

Mr. SPARKMAN. Mr. President, on my time I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. I yield 10 minutes to the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, the amendment offered by the Senator from Wisconsin apparently proceeds on the basis that some antitrust problem might be involved. The AID administration itself points out that as one of the reasons why the amendment

should not be agreed to. The AID agency is not set up to be an antitrust agency. That is the function of the Department of Justice, and it should remain with the Department of Justice. If there is any collusion with respect to oil prices, those who are guilty of the collusion should be prosecuted by the Department of Justice.

It is only in Vietnam and Laos that AID fails to purchase at so-called competitive prices. But in those particular areas, AID buys the oil available to it, because there are only about three major companies which supply oil in that area.

But before AID buys the oil, it is required to certify that the price charged is not higher than any of the following prices: First, the prevailing price charged in the country in which it is received at the time of export. Second, the supplier's own price, the price of the one selling it, whether it be Standard Oil or anyone else which sells to other customers similarly situated, such as the price for oil sold in Japan, India, or other areas. Third, the price at which the product is purchased does not exceed the price at which the product could be obtained from any other source. Fourth, AID required to certify that the price it pays does not exceed the prevailing market price in the United States at the time of purchase.

So considered from any basis on which one could determine what the reasonable, fair price ought to be, AID is required to certify, no matter how one considers the situation, in four different ways: From the point of view of the price in the country in which it is buying the oil; the price in other countries similarly situated; that the price at which the seller sells to others is not exceeded; and also that the price does not exceed the prevailing price in the United States.

AID is following these practices. There has been no showing whatever that the price of oil is excessive when sold in the two countries where the amendment would be effective. AID tells me that this amendment would in effect force on it an impossible way of trying to determine what the price ought to be. I am informed that as much as 99 percent of the oil is purchased in the two countries under the procedures I have outlined. Only about 1 percent of the oil is purchased under conditions which the amendment of the Senator from Wisconsin seeks to effect.

The Senator from Wisconsin stated that there was some controversy as to Standard Oil; that Standard Oil was providing a discount on oil sold in the Near East. The Near East is an area of surplus oil. Oil can be bought at a discount in the Near East because it is a glut on the market there. But in Vietnam, Laos, and other areas there is no surplus of oil; therefore, oil is not sold at a discount in those areas.

Also, the Senator from Wisconsin would like to have AID do business in the same way that the Department of Defense does business. In some instances, the AID Agency buys oil from the Department of Defense, because the Department of Defense has certain purchasing advantages that AID does not have.

Keep in mind that the Department of Defense buys oil for its own purposes. When the Department of Defense buys oil in the Far East, it buys for storage in the huge facilities it has in Japan. It can buy oil cheaper in the Near East, because if someone has oil on hand that he must sell in a hurry, the Department of Defense can buy it at the cheapest price and still have a place to store it until it can be moved. But the AID Agency has no storage facilities and does not buy for its own use. AID buys oil for third parties, countries we are seeking to aid—in this case, Vietnam and Laos.

So in this situation, the administration says the amendment is not workable. AID would be required to break down all the usual business practices under which the free enterprise system operates in the area, in order to achieve the purposes the Senator from Wisconsin has proposed. There is no showing that even if that were done, 5 cents would be saved. So why do it?

As the Senator from Ohio [Mr. LAUSCHE] so well pointed out, this subject could well be studied by the General Accounting Office. Senators who have been Members of this body for as long as a year know that the General Accounting Office is the most scrupulous investigator the Government has in respect to such practices. Yet the GAO says that it would require at least 3 months to make an adequate study to determine whether the amendment of the Senator from Wisconsin would achieve any satisfactory results. Until that time, both GAO and those who have responsibility for the program believe the procedure that is now in operation should be continued.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. Could the Senator explain to me—he did try, but I must admit that I am still somewhat confused—why a procedure which is perfectly satisfactory to the Department of Defense, a department which buys much more oil than AID—is not perfectly good for AID, which buys a hundred million dollars' worth of oil and is losing some \$16 million a year because it is paying much more for its oil than it has to?

Mr. LONG of Louisiana. Mr. President, the Senator from Wisconsin mentioned the \$16 million difference based on an assumption that a statement made by a former company executive with regard to the Near East would be correct if applied to Vietnam and Laos.

There is from time to time a substantial discount against the posted prices in the Near East. That happens when companies producing in the area have more oil on hand than they can store or handle. When oil is in large surplus, they put it up for sale, and anyone can get a discount. However, in Vietnam there is a deficit situation, as there is in Laos. Those countries do not produce oil. Therefore, to quote AID, there is no basis to say that one can buy oil in deficit areas on the same basis that it can be purchased in surplus areas. If oil were known to be in surplus in Vietnam, producers would direct their ships to places where the oil could be sold, or at

least to a place like Japan where it could be stored.

If one had, as the Department of Defense has, facilities in Japan to store fantastic quantities of oil, and there were a tanker at sea with oil to sell and no one else to sell oil to, then the tanker might well sell his oil to the Department of Defense at Japan even if he had to sell at a discount. However, AID does not buy oil for its own use. It is buying for Laos and Vietnam, which are the ultimate recipients.

When the oil is required, the buyer is willing to pay the regular prices, because he is buying to fill the need of another. So the assumption that the oil would be for sale at a discount is, according to AID, completely unfounded.

The only support that the Senator has for his statement is a reference to an area which is producing oil and which, as we know, has oil running out of its ears; namely, the Near East.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. Mr. President, I find the able argument of the Senator rather unpersuasive.

Mr. LONG of Louisiana. Mr. President, I have never known the Senator from Pennsylvania to agree with me on anything involving oil or gas.

Mr. CLARK. The Senator will agree that I do agree with him on patents.

Mr. LONG of Louisiana. I am happy to agree with that statement.

Mr. CLARK. Mr. President, I am under the impression that the Defense Department buys a great deal of oil in the Far East and in Japan, and that it pays posted prices nowhere. Why should AID pay posted prices for its oil from the Far East when the Defense Department pays far lower prices for its oil?

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG of Louisiana. Mr. President, may I have 2 additional minutes?

The PRESIDING OFFICER. The Senator from Alabama has 6 minutes remaining.

Mr. SPARKMAN. Mr. President, I yield 2 additional minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 additional minutes.

Mr. LONG of Louisiana. Mr. President, the suggestion that has been made concerning the Department of Defense would also be true of AID in all countries except these two countries, Vietnam and Laos. That is the prevailing practice for the purchase of oil in all countries except these two. However, in these two countries, the prevailing practice is to pay the posted price. In doing so, AID is required to find out that the price they pay does not exceed the prevailing price in the source country at the time of export.

Therefore, the prices they are charging cannot exceed the price at which oil is for sale in Vietnam or Laos. We are speaking only of those two countries.

The price paid cannot exceed the price for which the same companies sell oil to customers similarly situated. The price

cannot exceed the price for which oil can be obtained from other sources. It cannot exceed the prevailing market price in the United States. AID is bound by those four standards. They say that they can operate as they are operating. However, to do as has been suggested here would get them into situations in which they do not desire to be involved. It would require that they break up the business practices of companies dealing in those areas, without any showing that they would save money by doing so.

In the next instance, AID would be required to take over the job of the Department of Justice, which they do not seek, and try to be the antitrust agency. The Department of Justice has that as its responsibility.

These are American companies. If they conspire or act in concert to overcharge the public, the Department of Justice has the responsibility to go into it. AID does not want that job.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, I yield an additional 30 seconds to the Senator from Louisiana.

Mr. TOWER. Is it not true that the Department of Defense maintains its own storage and transmission facilities? Is it not true that the amendment, if agreed to, might require AID to establish its own transmission and storage facilities?

Mr. LONG of Louisiana. Perhaps so. That would cost a great deal of money. It does not make much sense to store this much oil in Vietnam or Laos, where the Vietcong are trying to destroy materiel all the time.

The Department of Defense has a different system of buying—although in all foreign countries save those two, it is the same—in countries where the competitive situation determines the price.

Mr. TOWER. Except in Vietnam and Laos, and there it is the same.

Mr. LONG of Louisiana. The Senator is correct. However, the Defense Department has its own storage and bulk facilities. It is in a position to buy and store oil. If a company has vast storage and bulk facilities, it can buy oil cheaper than otherwise.

Mr. TOWER. The Senator is correct.

Mr. LONG of Louisiana. Mr. President, in view of the fact that a number of Senators were not able to hear the arguments of Senators opposed to the amendment of the Senator from Wisconsin, I ask unanimous consent that a memorandum prepared in the Office of International Development summarizing the position of the Agency against the Proxmire amendment may appear at this point in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum is as follows:

PETROLEUM PRICES AND BARTER TRANSACTIONS

(Summary position paper on amendments Nos. 235 and 236, by Senator PROXMIRE)

This amendment deals with two distinctly separate issues. A summary of the arguments opposing this amendment ap-

appears directly below. Following the summary, detailed arguments are set forth.

I. PETROLEUM PRICES

The amendment should be rejected because:

A. It would leave AID in certain situations with no meaningful basis for evaluating petroleum prices.

B. AID, on the basis of statutory authority and administrative regulations, presently has a complete system for reviewing petroleum prices.

C. The factual basis for the amendment is incorrect.

D. The amendment attempts to raise questions concerning the entire distribution and pricing systems of the international oil companies. If these complex issues need to be discussed, they should be considered separately and completely, when all the facts are available, and not as part of the Foreign Assistance Act.

II. BARTER TRANSACTIONS

The amendment should be rejected because it could stop barter transactions, which help the U.S. balance-of-payments position and increase U.S. agricultural exports.

DISCUSSION

Section 604(b) of the Foreign Assistance Act establishes a "prevailing market price" test for all products financed by AID, including petroleum products. This amendment appears to eliminate not only the "prevailing market price" test when AID finances the purchase of petroleum products but also the other price tests for petroleum products that AID has established on an administrative basis. By so doing, the amendment would prevent AID from exercising effective control over the prices charged in many AID-financed petroleum purchases.

The significant feature of this amendment is that it states that AID cannot use any intercompany transactions as one of the bases for determining prices in comparable export sales.

It is this feature that causes the difficulty. Seventy-five percent of bulk fuels and at least 90 percent of lubricants in world trade move in intercompany transactions. In fact, in certain countries for which AID finances the import of petroleum products, such as Vietnam and Laos, virtually every import is an intercompany transaction.

This amendment, however, says that AID must exclude the prices charged in intercompany transactions when AID calculates the prices charged in comparable sales. The amendment, therefore, would leave AID in many cases with no way of determining comparable prices. For this reason the amendment should be rejected.

It should be noted that under present law and administrative regulations there are detailed price requirements for AID-financed petroleum purchases.

AID Regulation 1, which implements the existing statutory price requirements, requires every supplier of an AID-financed petroleum shipment to certify in writing that the price charged is no higher than any of the following prices for comparable exports:

1. The prevailing price in the source country at the time of export,
2. The supplier's own price in sales to other customers similarly situated,
3. The price at which the product could be obtained from any other source, and
4. The prevailing market price in the United States at the time of export.

In determining whether regulation 1 has been complied with, AID not only reviews all the relevant documents but also applies various tests. These tests may include comparisons with AID-financed sales of comparable products in other countries, examination of the supplier's records to check prices in other, non-AID-financed sales and a review and comparison based on price and

product information received from various sources. Upon occasion AID requires additional certifications from ranking officials of supplying companies.

It would seem, therefore, that existing legislation and regulations are sufficient to keep a careful check on petroleum prices in AID-financed sales. This unnecessary amendment, which imposes an unworkable standard, should be rejected.

RESPONSE TO STATEMENTS RE PETROLEUM PRICING

1. "AID unnecessarily finances petroleum products at posted prices."

AID does not finance at posted prices when other prices are available. A review of AID expenditures shows that AID has financed at posted prices only when such prices are the prevailing ones in an area and at discounted prices when there is a pattern of discounting in an area. There is virtually no discounting in the primary places where AID has been financing at posted prices, Vietnam and Laos.

2. "Whenever AID financed purchases of any petroleum product (crude oils, bulk fuels or lubricants), it was paying an average of 30 percent more than it should have."

The only evidence supporting this assertion is a statement by a director of Standard Oil that in the Middle East there has been an 11 to 16 percent (not 30 percent) differential between actual prices and posted prices for crude oils. First, AID-financed purchases of crude oils in the Middle East have been at actual or competitive prices. Second, in countries such as Vietnam and Laos, where AID has been financing at posted prices, there is virtually no discounting, because the oversupply that exists in the Middle East does not exist in the Far East. There is no evidence that AID has been paying more than it should have.

3. "AID should be able to avoid paying posted prices in the Far East since the DOD does not pay posted prices."

The following points are relevant in rebutting this assertion:

(a) DOD operates its own storage and distribution facilities in Japan, where AID does not.

(b) DOD can enter into long-term contracts for a variety of products, whereas AID does not purchase on its own behalf and the procurement it finances is necessarily limited to the particular product needed in the recipient country at a given time.

(c) DOD is itself an end-user and does not resell in competition with the oil companies or their affiliates (this factor may significantly influence the price at which the oil companies are willing to sell to DOD).

(d) On a worldwide basis DOD purchases about 15 times the volume that AID finances.

(e) Section 601(b) (4) of the Foreign Assistance Act states, in effect, that AID to the maximum extent practicable should carry out programs of assistance through private channels.

Moreover, when AID has been able to utilize DOD stocks in Japan, it has done so. In the Korean program, which has now ended, AID made extensive use of DOD stocks and consequently financed purchases at discounted prices.

BARTER TRANSACTIONS

This amendment, which attempts to require that commissions in barter transactions be paid by the supplier or the recipient country, should be opposed for the following reasons:

1. In a barter transaction the United States is using surplus agricultural commodities, rather than dollars, to obtain something needed by a recipient country. It has the effect of permitting offshore procurement, without any dollar outflow, of products of which the United States is a net importer, and the additional benefit of increasing U.S. agricultural exports.

This amendment might stop barter transactions. The present commission system, which was decided upon after review by the Executive Stockpile Committee in 1960 and the CCC Board of Directors in 1962, has significantly increased barter transactions (from 0 to \$28 million in 3 years) without significant cost to the United States. In fact, in only a very few barter transactions does AID use its funds to pay any commission.

2. In addition to hurting U.S. balance-of-payments efforts and U.S. agricultural exports, the amendment would impose an unfair burden on the supplier or the recipient country. A barter rather than direct procurement is used solely for the benefit of the United States. This is no reason for the supplier or the recipient country to pay any commission that may be involved.

3. The present procedures, arrived at after careful and lengthy study, have proved effective in aiding the U.S. balance-of-payments position and increasing agricultural exports. These procedures should not be changed in the absence of compelling evidence that new procedures would bring greater benefit to the United States.

Mr. PROXMIRE. Mr. President, would it be agreeable to the Senator from Alabama if the senior Senator from Wisconsin yielded back all but 4 minutes of his time and the Senator from Alabama yielded back his time?

As the mover of the amendment, I prefer to conclude the debate.

Mr. SPARKMAN. That is agreeable.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 4 minutes.

Mr. PROXMIRE. Mr. President, the distinguished Senator from Louisiana, who is one of the ablest debaters in the country, has based his entire argument against this amendment, as I understand it, on the condition that there is a deficit of oil in the Far East and a surplus of oil in the Middle East.

I have before me a report from a recent issue of Business Week magazine.

Mr. LONG of Louisiana. I referred to Vietnam and Laos. I am not referring to Indonesia.

Mr. PROXMIRE. Mr. President, the Business Week magazine of recent date contains an article entitled "Japan's Oil Hunger Sets Off a Free-for-All."

This article concerns the Japanese market. I read from the article:

With oil in oversupply everywhere, an imposing array of companies—international majors and international Japanese outfits—is engaged in a free-for-all to win larger shares of the expanding market.

The resulting competition is frenzied. Prices are being cut to the quick—even below costs in some products. Distributors steal dealers and customers with abandon.

Mr. President, I submit that no plausible argument has been made against my amendment. The Senator from Ohio [Mr. LAUSCHE], who is another very persuasive debater, cited the report by the executive branch against the amendment.

The Senator stated that he could not understand it. I agree. I submit AID has no argument against this amendment except their great prestige. In the absence of a real case they have wisely resorted to confusion plus confusion compounded. And frankly, the combination of the administration plus the oil indus-

try plus confusion is a devastating opponent in any debate.

Now, Mr. President, why should this amendment be considered complex or confusing?

What is confusing about it? What are we asking? Our arguments are not confusing. We are saying that the AID agency should not pay rigged posted prices. We say that it should pay competitive prices. What is confusing about that? What is complicated about that?

After all, any Senator who is in favor of keeping the cost of the AID program down, should vote for the amendment. Any Senator who is in favor of competition should vote for the amendment. Any Senator who feels that our expenditures overseas, when they are excessive, damage our balance of payments should vote for the amendment.

What is confusing or contradictory about these arguments?

One other phase of the amendment concerns the barter contractor's commissions. The fact is that barter contractor's commissions are not paid by buyers anywhere—except and only except in the case of the AID Agency.

We say that the regular commercial practice used elsewhere should be used by AID.

It is clear that this amendment would save the money of the taxpayers. A precedent has been established and followed successfully for years by the Department of Defense. We should follow that precedent.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment offered by the Senator from Wisconsin. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the senior Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mr. MORSE], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from West Virginia [Mr. BYRD] and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from North Carolina would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Nebraska [Mr. CURTIS], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS] would vote "nay."

The result was announced—yeas 29, nays 60, as follows:

[No. 110 Leg.]

YEAS—29

Bartlett
Boggs
Byrd, Va.
Cannon
Case
Church
Clark
Cooper
Dodd
Douglas

Fong
Gore
Gruening
Javits
Kennedy, Mass.
Kennedy, N.Y.
McGovern
McIntyre
McNamara
Mondale

Muskie
Nelson
Proxmire
Ribicoff
Robertson
Russell, Ga.
Tydings
Williams, Del.
Young, Ohio

NAYS—60

Aiken
Allott
Anderson
Bass
Bayh
Bennett
Bible
Brewster
Burdick
Cotton
Dirksen
Dominick
Eastland
Ellender
Fannin
Fulbright
Harris
Hartke
Hayden
Hickenlooper

Hull
Holland
Hruska
Inouye
Jackson
Jordan, N.C.
Jordan, Idaho
Kuchel
Lausche
Long, Mo.
Long, La.
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Montoya
Morton
Mundt

Murphy
Neuberger
Pastore
Pearson
Pell
Randolph
Russell, S.C.
Saltonstall
Scott
Simpson
Smathers
Smith
Sparkman
Stennis
Talmadge
Thurmond
Tower
Williams, N.J.
Yarborough
Young, N. Dak.

NOT VOTING—11

Byrd, W. Va.
Carlson
Curtis
Ervin

Hart
Magnuson
Mansfield
Morse

Moss
Prouty
Symington

So Mr. PROXMIRE's amendments (No. 236) were rejected.

Mr. SPARKMAN. Mr. President, I move that the vote by which the amendments were rejected be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

TREASURY, POST OFFICE, AND EXECUTIVE OFFICE APPROPRIATIONS, 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 263, H.R. 7060.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7060) making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain independent offices for the fiscal year ending June 30, 1966, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. ROBERTSON. Mr. President—
The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that the committee amendments to the pending bill be considered and agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall

be considered to have been waived by reason of agreement to the order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments, agreed to en bloc, are as follows:

On page 2, line 10, after the word "expenses", to strike out "\$5,875,000" and insert "\$5,874,000".

On page 6, line 2, after "(5 U.S.C. 55a)", to strike out "\$101,000,000" and insert "\$115,510,000".

On page 6, line 20, after the word "aircraft", to strike out "\$22,500,000" and insert "\$23,125,000".

On page 7, line 21, after the word "applicants", to strike out "\$154,600,000" and insert "\$164,500,000".

On page 8, line 7, after the word "Commissioner", to strike out "\$439,000,000" and insert "\$446,250,000".

On page 8, after line 8, to insert:

"Administrative provision

"Not to exceed 2½ per centum of any appropriation available to the Internal Revenue Service for the current fiscal year may be transferred, with the approval of the Bureau of the Budget, to any other such appropriation or appropriations, but no such appropriation shall be increased by more than 2½ per centum by such transfers, and any such transfers shall be reported promptly to the Appropriations Committees of the House and Senate."

On page 8, line 25, after the word "exceed", to strike out "forty-five" and insert "one hundred and twenty-five", and on page 9, line 6, after "(5 U.S.C. 55a)", to strike out "\$12,627,000" and insert "\$12,105,000".

On page 11, line 23, after the word "law", to strike out "\$4,298,900,000" and insert "\$4,321,350,000", and on line 24, to insert the following proviso:

"Provided, That not to exceed 5 per centum of any appropriation available to the Post Office Department for the current fiscal year may be transferred, with the approval of the Bureau of the Budget, to any other such appropriation or appropriations; but the appropriation "Administration and regional operation" shall not be increased by more than \$1,000,000 as a result of such transfers."

On page 13, line 6, after the word "Government", to strike out "\$226,000,000" and insert "\$216,000,000".

On page 13, line 13, after the word "plans", to strike out "\$95,000,000" and insert "\$110,000,000".

On page 15, line 19, after "(5 U.S.C. 55a)", to strike out "\$7,920,000" and insert "\$7,973,000".

At the top of page 19, to insert a new title as follows:

"TITLE V—FUNDS APPROPRIATED TO THE PRESIDENT

"International Monetary Fund increase in quota, International Monetary Fund

"To finance an increase in the quota of the United States in the International Monetary Fund, \$1,035,000,000 to be available from June 2, 1965, and to remain available until expended."

Mr. ROBERTSON. Mr. President, the Committee on Appropriations has authorized me to present to the Senate its report No. 275 on the pending bill (H.R. 7060) making appropriations for the Treasury and Post Office Departments, Executive Office of the President, and certain independent agencies for fiscal year 1966 and on a 1965 supplemental request for the International Monetary Fund.

Members will find on their desks printed copies of the bill and committee report, and I will now present to the

the tax on telephone users for local and long-distance telephone calls.

These abominable taxes were imposed during World War II as necessary fund-raising measures for the war effort and to restrain the use and purchase of scarce and vital services and commodities. For example, to discourage people from traveling by airplanes and to encourage spending money to purchase Government bonds instead of buying jewelry, leather goods, and so forth. Today, however, the imposition of excise taxes, or the so-called luxury taxes, unnecessarily burdens Americans. They serve only to help restrict private purchasing power, to stifle incentive, and to hold back economic growth.

Mr. President, the Nation is in the midst of an unprecedented period of prosperity in which our economy has continually moved ahead for 52 months. All indications are that this will continue. There is no doubt whatever that this is in large part due to the income tax cut enacted last year. This placed \$14 billion in the pocketbooks of American working men and women, created an additional \$28 billion in consumer buying power, aided in the creation of nearly 2 million additional jobs which brought about the lowest unemployment rate in 7 years, and allowed businessmen to invest an additional \$6½ billion in plants and machinery. All this occurred while prices remained stable. This is an unprecedented achievement.

I am delighted that the President has recommended a 7-percent reduction in the telephone tax effective next January, with complete repeal by 1969, and the reduction and eventual elimination of the tax on automobiles, and elimination of the taxes on such items as jewelry, furs, toilet articles and cosmetics, luggage, handbags and other leather goods. These may have been luxuries in years gone by, but today they are necessities. Ask any businessman if his briefcase or luggage is a luxury. Ask any woman if she considers her handbag and lipstick as luxuries. It certainly is not realistic in this day and age to term light bulbs, telephones, television sets, automobiles, radios, refrigerators, fishing poles, and inexpensive cameras, "luxuries."

Inasmuch as some excise taxes are necessary for our good "Uncle" to operate efficiently, I am not opposed to sumptuary taxes on alcohol and cigarettes and tobacco which have been imposed for many years, and which bring in sizable revenues to our Government. However, I am definitely opposed to the regressive taxes on necessities, which lay the heaviest burden on the poorest people.

Mr. President, I was distressed that the President recommended the 5-percent tax on air travel be made permanent and that additional taxes be placed on the air transportation industry. Travel by air is no longer a luxury. It is a vital and fundamental part of our transportation system and communications network. In most instances it is a necessity. It is just about the only means of public transportation between many of our cities, and in some States, such as Alaska, it is practically the only

means of transportation. Twenty or twenty-five years ago air travel might have been considered a luxury in many instances, but today there are few who would question the fact that it is a necessity for millions of Americans. It is unconscionable to continue to levy the tax on air transportation.

It has been argued that at the present time the civil users of our airways are not paying their full share of airway costs. Frankly, I do not believe this is a valid argument. In the past, the Federal Government has subsidized our railways and still does so by various means. The tax on railways passengers was abolished some time ago. Many industries have been indirectly aided and subsidized by the Federal Government, but special taxes are not placed on them because of that fact. At a time when we are eliminating taxes on furs, playing cards, jukeboxes, and other purely amusement devices, it is unconscionable to add to the cost of necessary air travel.

Therefore, Mr. President, I submit for appropriate reference an amendment to H.R. 8371 which would completely abolish the 5-percent tax on air transportation. I ask unanimous consent that the amendment be printed, and printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, printed in the RECORD, and appropriately referred.

The amendment (No. 251) was referred to the Committee on Finance, as follows:

On page 30, beginning with line 23, strike out all through line 6 on page 31 (section 303 of the bill, relating to tax on transportation of persons by air).

On page 46, strike out lines 6 through 10.

Mr. YOUNG of Ohio. Mr. President, the same reasoning applies to our inland waterways. The President has recommended a tax of 2 cents per gallon on all fuel used for travel on the inland waterways, both for business and recreational purposes. The imposition of this tax would do great harm to the economy of the State of Ohio. Our great State is bounded on the north by Lake Erie and on the south and much of the east by the Ohio River, two of the world's greatest inland waterways. In addition, Ohio teems with rivers which are vital to the economy of the State—the Scioto, the Maumee, the Cuyahoga, the Miami, the Mahoning, the Muskingum, to name a few. Also, our State abounds in great inland lakes which provide recreational facilities for boating enthusiasts—Grand Lake and Indian Lake, to name two of the largest. A tax on fuel used on these important waterways could be ruinous to many parts of the State. The same is true, I am sure, of many States in the Union blessed with great inland waterways.

Low-cost water transportation and the national policies which make it possible have been fully justified by experience. We must continue as we have done since the earliest days of the republic, when the Northwest Ordinance of 1787 was adopted, and the first settlers floated down the Ohio River, to improve

and maintain our lakes and rivers, harbors, bays, and sounds as common highways forever free to all our people, without tolls or taxes or any imposition on their use. Andrew Jackson truly said long ago:

All improvements effected by the general funds of the Nation for general use should be open to the enjoyment of all our fellow citizens, exempt from the payment of tolls or any imposition of that character.

A reversal of that policy pursued without significant interruption since the earliest days of our national life, through the imposition of tolls or user taxes would discourage waterway use and waste priceless public assets. Imposing such regressive taxes should not even be considered. It would severely dislocate established competitive and community relationships and discourage economic growth, inflicting serious hardships on communities in depressed areas whose future prospects depend directly on full development of their water resources. The use of the waterways of our States and the Nation should always be available and free for all our citizens.

It would be unconscionable to consider imposing a discriminatory excise tax or any sort of tariff, or tax, on the use of our waterways. To do so would be contrary to the public interest, against the public welfare, and would hamper our economy. It would mean the loss of their jobs for hundreds of thousands of worthy and industrious men and women, and economic depression for many areas of the Nation.

Mr. President, I am hopeful that the Senate Committee on Finance will eliminate the outrageous 5-percent tax on air travel when it considers this general legislation. Also, I shall strongly oppose any attempt to impose a tax on those who use our inland waterways.

Each year since World War II the Congress has extended these excise taxes for 1 year, holding out the promise to citizens that each year will be the last year for them. Very shortly the annual renewal date will be upon us. This year that promise will become a reality. After June 30 of this year, most of these regressive excise or sales taxes will no longer plague Americans. They will be swept out of existence and be buried unwept, unhonored, and unsung.

STRENGTHENING THE EDUCATIONAL RESOURCES, AND FINANCIAL ASSISTANCE FOR STUDENTS IN POSTSECONDARY AND HIGHER EDUCATION—AMENDMENTS

AMENDMENT NO. 252

Mr. JAVITS. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (S. 600) to strengthen the educational resources of our colleges and universities and to provide students in postsecondary and higher education. This amendment, if adopted, will expand the National Defense Education Act, providing grants and stipends to encourage the training of students and teachers for work in international affairs. The

amendment would add less than \$3.5 million to the appropriation request for the National Defense Education Act in fiscal year 1966, and would amend the National Defense Education Act to—

Provide grants to colleges and universities to aid in the establishment and operation of international affairs programs to train individuals for overseas business or Government work, for work in the United States in international affairs, or for teaching or research work in international affairs;

Provide stipends for students undertaking advanced training in order to teach international affairs in colleges; and

Provide grants to colleges to help in the establishment of short-term or regular session institutes on international affairs for high school teachers, with stipends for those participating in the program.

This legislation is required to meet the growing national need for expertise in international affairs. The bill grew out of a Library of Congress survey of 32 U.S. universities and colleges, conducted several years ago at my request, which emphasized the need for expanding and improving programs in international affairs studies on high priority.

A greater number of students, teachers, businessmen, professional people, and Government officials must be better prepared to deal with the growing challenges and opportunities in the international field. The increasing responsibilities inherent in U.S. free world leadership require additional efforts to improve the quality and expand the scope of international affairs studies.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred.

The amendment (No. 252) was referred to the Committee on Labor and Public Welfare.

AMENDMENT NO. 253

Mr. CASE submitted amendments, intended to be proposed by him, to Senate bill 600, supra, which were referred to the Committee on Labor and Public Welfare and ordered to be printed.

FOREIGN ASSISTANCE ACT OF 1965—AMENDMENTS

AMENDMENTS NO. 254

Mr. ELLENDER submitted amendments, intended to be proposed by him, to the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 255

Mr. PELL. Mr. President, I send to the desk, for appropriate reference, an amendment to S. 1837, the Foreign Assistance Act of 1965, and ask that it may be printed in the RECORD at this point.

The PRESIDING OFFICER. The amendment will be received, printed, printed in the RECORD, and will lie on the table.

The amendment (No. 255) is as follows:

On page 4, line 21, strike out "July 1, 1966" and insert in lieu thereof "July 1, 1967."

On page 4, line 24, strike out "\$7,000,000" and insert in lieu thereof "\$9,000,000."

Mr. PELL. Mr. President, this is a very simple amendment, providing for modest expansion in the provision for assistance to American schools and hospitals abroad.

In the first instance, it would extend until July 1, 1967 the exclusion from the provisions of the Battle Act which these projects have enjoyed. As reported by the committee, S. 1837 would repeal this exclusion effective July 1, 1966. It seems to me that since the bill provides general authorization for foreign assistance programs over a 2-year period, it is only fair that the Battle Act exclusion should remain in effect for the term of the bill.

There is a specific case in point to which this 2-year extension would apply. It is the American-sponsored children's hospital in Krakow, Poland, which has been supported under the foreign assistance program since 1959. Although the main hospital structure has been completed, the American committee responsible for this excellent project, now is actively contemplating the construction of a nurses' residence and school and a new laboratory structure. They hope to be able to undertake a feasibility study of these proposed expansions with counterpart assistance during fiscal 1966, and if the results are favorable, to proceed with construction in fiscal 1967. They could not proceed beyond the feasibility study under the repeal date of July 1, 1966 provided in the bill approved by committee. For this reason, it seems to me that it is only fair that the exclusion extend to July 1, 1967, so that this worthy project could be undertaken if it is found to be feasible.

Second, my amendment would increase by \$2 million the amount authorized for use in each of the fiscal years 1966 and 1967.

I would say at the outset that, in offering this amendment, I am not an advocate of indefinite expansion of our various assistance programs. In the case of the hospitals and schools, however, I note that the total authorization is being cut from \$18 million for fiscal 1965 to \$7 million in each of the next 2 fiscal years, by terms of the committee bill. While I agree with many of the guidelines which the administration has laid down with respect to continuation of this kind of assistance, it does seem to me that the phaseout has been extremely abrupt, and that it will redound to the detriment of many, many worthy projects around the world. I understand, moreover, that the \$7 million which had been allowed by the administration, is very fully programed and that there is virtually no leeway for meeting new needs.

The amendment which I propose would allow a modest increase of the authorization to \$9 million in each of the 2 fiscal years. It would not, to be sure, cover all of the worthy projects which probably should be supported, but it will allow at least for consideration of some of the most deserving.

In particular, it might allow for the \$175,000 needed to make a feasibility study of the Krakow Hospital expansion project, and subsequent construction funds if that study is favorable.

Another extremely worthy project which has come to my attention and which certainly should receive consideration under this program is the Hadassah-Hebrew University Medical Center in Jerusalem, which is an expanding complex of the most modern facilities for teaching, healing, and research in most of the medical sciences, including medical, dental, nursing, and pharmacology schools. This facility, which is training an increasing number of medical specialists for service throughout the eastern Mediterranean and African regions, is strongly supported by the Hadassah Medical Relief Association, Inc., a nonprofit organization with branches in the 50 States. It is my understanding that notwithstanding the superb efforts of this association to support the center in Jerusalem, there are distinct limits to the volunteer support which can be counted on to finance capital expansion of the Center.

I attach at this point a list of facilities planned under the capital construction program of the Hadassah Center for the years 1966 and 1967, and ask unanimous consent that it may be inserted in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

HADASSAH MEDICAL RELIEF ASSOCIATION, INC., PROGRAMS OF NEW CAPITAL CONSTRUCTION AND RESEARCH FOR FISCAL YEARS 1966 AND 1967

Hadassah-Selingsburg Comprehensive School.
Hadassah-Brandeis Vocational School.
Vocational guidance facilities.
J. F. Kennedy Memorial Center.
Nurses residence.
Kidney transplant laboratory and operating theater.
Neurological institute.
Ophthalmological institute.
Nursing postgraduate school.
New research laboratories.
Equipment for mother and child pavilion.
Research animal breeding house.
Residents and interns hostel.
Pediatric-student conference room.
Air conditioning of radial intensive care unit of the medical center.

Mr. PELL. Mr. President, it is my understanding that the total cost of these projects planned at the Jerusalem Center will be about \$4,375,000 and that only about \$2 million can be anticipated in contributions to the Hadassah Relief Association and that the balance must come from other sources. Hadassah hopes that it might be considered for counterpart assistance under terms of the amendment which I propose.

I might add that, with regard to the two projects which I have mentioned, there are ample prospects for financing through U.S.-owned counterpart currency. I understand that the United States is credited with a favorable balance of approximately \$62 million in Israeli pounds and approximately \$494 million in Polish zlotys. To my mind, there could be no more worthy way of

making use of these foreign currency holdings.

SOCIAL SECURITY AMENDMENTS OF 1965—AMENDMENTS

AMENDMENT NO. 256

Mr. DOUGLAS submitted amendments, intended to be proposed by him, to the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the Old-Age, Survivors, and Disability Insurance System, to improve the Federal-State public assistance programs, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

NOTICE OF HEARINGS BY COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. McNAMARA. Mr. President, for the information of the Senate, I would like to announce the following schedule of hearings on bills pending before the Senate Labor and Public Welfare Committee and assigned to subcommittees which I chair:

June 22 through 25, the Subcommittee on Labor will hear witnesses on S. 256, repeal of section 14(b) of the National Labor Relations Act; and on S. 731 and H.R. 5883, amendments to the bonding provisions of the Labor-Management Reporting and Disclosure Act.

July 6 through 9 and 12 through 16, the subcommittee will hear witnesses on S. 1986, extension of coverage of minimum wage and amendments to the overtime provisions of the Fair Labor Standards Act.

Meanwhile, the Select Subcommittee on Poverty, which has pending S. 1759, amendments to the Economic Opportunity Act, will hear witnesses on June 28 and 29.

NOTICE OF HEARINGS ON DOMESTIC AND FOREIGN SURPLUS PROPERTY PROGRAM

Mr. GRUENING. Mr. President, as chairman of the Subcommittee on Foreign Aid Expenditures of the Senate Committee on Government Operations, I wish to announce that that subcommittee will hold hearings on the domestic and foreign surplus property program on Thursday, June 10 at 2 p.m., and Friday, June 11 at 10 a.m., in room 3302 of the New Senate Office Building. Future hearings will be held on this subject and those who desire to testify later should so notify Mr. Glenn Shriver of the staff of the Senate Committee on Government Operations.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. SMATHERS:
Editorial entitled, "Santo Domingo," published in the Washington Daily News of June 4, 1965.

U.S. POLICY ON VIETNAM—ADDRESS BY THE VICE PRESIDENT

Mr. McNAMARA. Mr. President, on June 1, at Michigan State University, in East Lansing, Mich., Vice President HUBERT H. HUMPHREY delivered an address on the administration's position in the Vietnam conflict.

In his usual able manner, the Vice President underscored the basic reasons governing the involvement of the United States in southeast Asia.

I ask unanimous consent that the text of his address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE VICE PRESIDENT AT MICHIGAN STATE UNIVERSITY, EAST LANSING, MICH., ON JUNE 1, 1965

It is a pleasure to accept the invitation of the Michigan State People-to-People Committee to discuss U.S. policy in Vietnam.

Coming here today from Washington—once aptly described as "a city of southern efficiency and northern charm"—it is refreshing to return to the atmosphere of excitement, of expectation and love of learning that is characteristic of a great university.

Action is to the politician what reflection is to the scholar—and as a political leader, it is a rewarding experience to confront the enthusiastic questioning of the student and the careful scrutiny of the professor.

It is a welcomed—if risky—experience.

It is welcome, because nowhere are solid arguments and perceptive judgments more appreciated.

It is risky because nothing chills nonsense like exposure to the brisk air of a university.

The subject which I am about to discuss with you is appropriate for this audience because it pertains to war and peace.

No group should be more interested in war and peace than those who will be expected to bear the brunt of the fighting if war should come.

It is therefore a natural and healthy phenomenon that war and peace in southeast Asia should have become the subject of lively debate and vigorous discussion on university campuses across the country.

As the debate on U.S. policy in Vietnam has flourished during the past 6 months, the United States has continued to be challenged to match deeds with words in opposing aggression and defending the freedom of a friendly nation.

We have met that challenge.

Our firm and decisive response to naked aggression against South Vietnam has demonstrated to our friends that our power remains pre-eminent and our devotion to freedom firm—and to our foes that the United States is no paper tiger.

The measured application of American power proves that we are prepared to meet aggression in whatever form, that we shall not be forced to choose between humiliation and holocaust, that the firmness of our response in no way diminishes our devotion to peace.

Our action in Vietnam is a part of the continuing struggle which the American people must be prepared to wage if we are to preserve free civilization as we know it and resist the expansion of Communist power.

It is a further indication that the breakup of the bipolar world, which has characterized the international relations of the past two decades, and the easing of tensions between East and West following the nuclear

test ban, may have changed the pattern of U.S. involvement in world affairs, but it has not diminished it.

We retain the role of leader of the free world that we inherited at the end of World War II, and in that role our responsibilities remain worldwide. In that role our responsibility extends to distant Asia as well as to countries on our doorstep.

President Johnson has made it unmistakably clear that we intend to meet those responsibilities.

It was in the role of defender of the free world that we originally made a commitment to Vietnam in 1954.

It was in this role that three administrations maintained that commitment.

Although as students of history you may debate the wisdom of the original decision to take up the responsibilities which the French relinquished in 1954, this question has little relevance for the policymaker today.

President Johnson in his Baltimore speech of April 7 and his Washington speech of May 13 spelled out those alternatives and which we have chosen as the basis of our policy.

They are three:

First. In the face of armed conflict, in the face of continued aggressions, we will not withdraw, we will not abandon the people of Vietnam. We shall keep our word.

Our refusal to withdraw is based on our recognition that sudden withdrawal from Vietnam would only weaken the position of free societies in Asia—which could only regard withdrawal as a loss of interest by the United States in the area and an enticement to accommodate themselves to Communist China.

In refusing to withdraw we reject the belief that by some Hegelian law of inevitability, China is destined to swallow up all of Asia. And I find it curious that proponents of the inevitability theory so often combine it with advocacy of the Titoist doctrine that Vietnam would become an independent neutral nation if we would withdraw our military forces. The arguments are absolutely incompatible.

We refuse to withdraw in the certain knowledge that withdrawal would mean the betrayal of those who have opposed the spread of communism in southeast Asia, would mean certain death or exile.

Finally, in relation to the Sino-Soviet contest, a withdrawal by us would vindicate the Chinese thesis that militancy pays—and discredit the Soviet thesis of peaceful coexistence.

Second. Recognizing that a political solution of the conflict is essential, we stand ready to engage in unconditional discussions. We have no desire for further military escalation of the war. We stand ready to consider any solution which would bring peace and justice to all of Vietnam, North and South.

I would like to make crystal clear who is in favor of a political settlement and who is opposed, who has offered the olive branch and who has rejected it. President Johnson has affirmed not only our willingness to hold unconditional discussions to end the war, but our ardent desire to do so.

What has been the response of the Communist governments in Hanoi and Peiping?

They have rejected every peace offer from any source. They have spurned the efforts of the U.N. to mediate. They have scorned the offer of the British. They have brushed aside the efforts of the Indian Government. In short—the Communist governments in Hanoi and Peiping have rejected all efforts to restore peace and justice to the people of Vietnam.

Third. We recognize that the people of Vietnam must have a cause for which to fight, they must have hope of a better day. We have made it clear to the people of Viet-

nam that to improve their lives and fulfill their hopes we stand ready to support a massive cooperative development effort—not only for Vietnam but for all of southeast Asia. It is our hope, as President Johnson has said, that “the works of peace can bring men together in a common effort to abandon forever the works of war.”

These three principles—honoring our military commitment, a continuing willingness to seek a political solution, and a massive economic development program—remain the bases of our policy.

The struggle in Vietnam has a special significance for the United States as the defender of the free world because it confronts us with a bold new form of aggression—which could rank in military importance with the discovery of gunpowder. I refer to the war of national liberation.

Vietnam offers a classic example of what can be accomplished by militant Communist forces intent on deliberate subversion of a country from within.

There we have seen a Communist state refuse to leave its neighbors in peace. We have seen the infiltration of Communist cadres to strengthen and direct guerrilla warfare in violation of international accords. We have seen the Communists who control and direct the war from Hanoi insist that the war in South Vietnam is internal because many of the Vietcong are South Vietnamese. We have seen them portray the struggle as a civil war—in which the popular forces are arrayed against American imperialism.

It is this new sophisticated form of warfare that is becoming the major challenge to our security, to the security of all free nations. This new warfare is often more dangerous than the old—a war in which the leaders cannot be located, in which the sources of supply cannot be easily cut off, in which the enemy forces are not outsiders but indigenous troops—in which signed truces do not halt the struggle.

The supreme challenge today is to prove to our Communist foes and our freedom-loving friends that the new face of war is no less pernicious than the old, that it can be defeated by those of strong mind, stout heart, and a will of steel. We know now that most Communist regimes do not desire to blow the world to pieces. They prefer to pick it up piece by piece.

How do we successfully meet the challenge posed by wars of national liberation? We need a balanced military force comprising air, sea, and land power. We need maximum flexibility in our forces—making it possible to respond rapidly to any situation. We need men experience in guerrilla and psychological warfare, in all the paramilitary arts that are practiced in wars of national liberation. We must adapt our aircraft and ships to the conditions we find. We must relearn the tactics of ground warfare in a guerrilla setting and adapt our equipment and our weapons accordingly.

Overwhelming military power alone is not an adequate response to wars of national liberation. Since these wars feed on seething social discontent, success in countering them requires a subtle blending of economic aid, political expertise, educational efforts, information and propaganda programs—combined with military power.

Where wars of liberation flourish, the military struggle is but one part of a larger social and political struggle. And these struggles will continue and revolutionary ferment will increase until governments come to power capable of implementing systematic social and economic programs designed to abolish shocking social and economic inequality between the privileged few and the impoverished masses, between glittering capitals and festering slums, between favored urban enclaves and primitive rural areas.

For the masses of the people in the developing countries of Asia who have never

known the benefits of modern civilization, the status quo is no longer a burden to be patiently borne, but an oppressor to be cast off.

The primary responsibility for preserving the independence and security of a country remains with the people and the government of that country. If the people and their leaders have no will to preserve their independence, no outside force can save them. If the government can provide the people with a cause for which to fight, with a program inspiring sacrifice and effort, that government can be capable of defending itself against Communist infiltration and subversion from within. Where subversion from within is supported from outside, as is the case in Vietnam, outside assistance is needed if such a government is to achieve this capability. In many areas of the world, the United States has inherited the role of protector and defender of non-Communist nations which are under Communist assault. It is a role we have not sought. It is often a painful and expensive one. But it is an essential one—both to the security of the non-Communist world and to our own.

As I have noted, in overcoming wars of national liberation no one mode of response is adequate. At this point I would like to call attention to the nonmilitary side of the struggle that is required in this complex situation. My example again is Vietnam. I refer to the little noticed side of the struggle—the struggle for a better life. It is the battle of the Vietnamese people not merely to survive, but to build, to make progress, to move forward.

In the past decade, rice production has been doubled. Corn output is expected to be four times as large next year as it was in 1962. Pig production has more than doubled since 1955.

The average Vietnamese can expect to live only 35 years. Yet there are only 200 civilian doctors. A new medical school we are helping to build will graduate that number of new doctors each year.

Meanwhile, we have helped vaccinate more than 7 million people against cholera and millions more against other diseases. More than 12,000 hamlet health stations have been built and stocked with medical supplies.

In Vietnam—as everywhere—“civilization is a race between education and catastrophe.” Education is the foundation of any country's future. For it is impossible to run a government, local or national, to man factories or to enrich the national life without trained and educated people. Elementary school enrollment was 300,000 in 1955—it is five times that number today. Vocational school enrollment has quadrupled. The university population is increasing steadily.

This progress has been achieved against the most appalling odds. It has been made despite the carefully planned and executed program of terror and harassment carried out by the Vietcong.

There is a curious misconception abroad that the Vietcong is a great idealistic movement, a sort of “Indochinese wing of the American Populist Party”—to use Arthur Schlesinger's phrase. In reality, they are, he continues, “a collection of very tough terrorists whose gains have come in the main not from the hopes they have inspired but from the fear they have created.”

In the countryside, agricultural stations have regularly been destroyed and medical clinics raided. Malaria control team members have been killed or kidnaped. Village chiefs, schoolteachers and others who represent order and social service have been made special targets by the terrorists.

All told, it is estimated that 10,000 civilian officials have been killed or kidnaped since 1954. If one were to use comparable figures for the United States in relation to population, this would amount to 130,000 officials.

Yet the effort goes on despite these attacks and dangers. Brave and tireless Vietnamese continue to take seeds and fertilizer and farming know-how to the villagers; teachers continue to man the schools; medical teams go into the country despite the clear and always present danger. And at their side—I am proud to say—go American civilian workers. And they, too, have been killed and kidnaped. These men and women, Vietnamese and American—and increasingly of other nationalities—are the unsung, unpublicized heroes of this phase of the struggle. So long as they persevere wars of national liberation can be defeated.

As I understand it, you have decided to participate in this struggle by adopting the hamlet of Long Yen in Tay Ninh Province. This hamlet, 60 miles from Saigon, has vigorously resisted absorption into Vietcong hands. I am told you plan to raise funds—to build a new two-room school, to construct an open-air market and to pay for both a schoolteacher and a health officer. These are things the people of the hamlet themselves have decided they most need and want. I have heard that word of Michigan State's program has struck sparks in other campuses as well.

This is most encouraging, most inspiring. For the need is so great—not just the physical need, but the need for people to know that other people stand with them. In this fashion you will be helping the Vietnamese people build a future for themselves. You will be working to defeat a new and pernicious form of aggression against mankind.

In assisting independent nations—whether in southeast Asia or in our own hemisphere—there will be required on our part patience as well as courage, “the will to endure as well as the will to resist.”

But our willingness to meet our obligation to assist free nations should not be confused with a desire to extend American power or impose American ways.

We do not aspire to any Pax Americana. We have no desire to play the role of global gendarme. Where multilateral organizations are ready and capable of assuming the burden of defending independent nations from Communist assault, of preventing internal rebellions from leading to chaos and anarchy, we welcome their intervention. As we know from recent history, international organizations like the U.N. are not always capable of stepping in quickly. When they are capable we welcome their presence.

Our stakes in southeast Asia are too high for the recklessness either of withdrawal or of general conflagration. We need not choose between inglorious retreat or unlimited retaliation. The stakes can be secured through a wise multiple strategy if we but sustain our national determination to see the job through to success.

Our Vietnamese friends look forward to the day when national independence and security will be achieved, permitting the withdrawal of foreign forces. We share that hope and that expectation.

But we know that that hope cannot be achieved if the United States shirks its obligations, if it attempts to withdraw from the world, to retreat from its responsibilities as a world leader. If we refuse to share the burden of preserving the peace—who will take it on? If we refuse to share the burden of defending free societies, who can guarantee their survival? If we will not join in the defense of democracy, what are its future prospects?

I fail to see the logic of those who recommend that we withdraw from the world. If we are concerned about our national security in all its aspects, we cannot ignore Asia because Europe has been made secure. We learned by hard experience in Europe that involvement is the price of resisting aggression, that appeasement is not only morally wrong, but a threat to national security.

operation. This stems from the fact that even in the largest cities the county has responsibility for many of the most important functions, such as welfare, care of the aged, mental health, juvenile matters, courts and penal administration.

The trend to the suburbs has brought the urban county face to face with becoming a regional city providing a host of municipal services once the sole responsibility of cities.

Out of all these discussions, both from the standpoint of the State and local government officials who come here and from Federal officials administering the programs, these seem to be basic facts:

Federal grants-in-aid must continue to be used to encourage the State and local governments to overhaul their machinery and undertake reforms that will make them more effective tools in the Federal partnership of government.

State governments must continue the processes now underway to revamp their constitutions to bring them into the modern era of transportation and communications, give more power to city and county governments, cooperate in regional projects and provide regional planning among themselves.

State and local governments must be given a greater voice in determining domestic policies through congressional action to require that Federal programs be administered by intergovernmental boards which include them, in the fashion of the Advisory Commission on Intergovernmental Regulations.

County governments must reorient themselves as government units of the future by replacing sole authorities of boards of judges or commissioners with an administrative executive such as mayors in city governments and by becoming active, vibrant coordinated area units.

The time has come for an overall approach to the problem of government financing with a goal of finding the most efficient way of channeling the share of gross national product needed to finance Federal, State and local administration.

SPUR FOR ACTION

There is a growing awareness at all levels of enlightened leadership that a government of freemen is only the vehicle for doing cooperatively what they cannot do for themselves individually. This leadership is attempting to galvanize the laggards into a new preservation of our constitutional concept.

Perhaps the best summation lies in the story of a visit home by the great Daniel Webster to one of his New England towns. As he walked along the street, a woman stopped him on the sidewalk and asked:

"How goes it with the Union, Mr. Webster?"

"It goes well with the Union, madam," Webster is reported to have replied. "It will as long as freemen care."

APPOINTMENT OF SAMUEL C. JACKSON TO EQUAL OPPORTUNITY COMMISSION

Mr. PEARSON. Mr. President, recently the President appointed members to the Equal Opportunity Commission, created by Congress by means of the Civil Rights Act of 1964. Among those appointed to the Commission was Samuel C. Jackson, of Topeka, Kans.

I compliment the President for his selection, and was happy to be able to endorse Mr. Jackson's nomination. He is an outstanding civic leader, a respected attorney, a fine public servant, and a revered leader of his race.

On May 13, 1965, the Topeka State Journal, in a lead editorial, commented

on Mr. Jackson's appointment. I ask unanimous consent that the editorial be printed in the RECORD, with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Topeka (Kans.) State Journal, May 13, 1965]

A GOOD MAN FOR THE JOB

President Johnson made a wise decision when he nominated Samuel C. Jackson, a Topekan, to be a member of the newly created Equal Opportunity Commission. Jackson has served Kansas and the local community in a number of ways, and he will be serving the Nation in his new job.

The Commission was created by the Civil Rights Act of 1964 to administer title 7 of the act prohibiting racial discrimination in employment. Jackson's background should qualify him to be a member of the Commission.

Since 1962, Jackson has been institutional attorney for the Kansas State Department of Social Welfare. He is president of the Topeka branch of the National Association for the Advancement of Colored People and has been a regional attorney for the NAACP. He also has been active in collegiate, State and county Republican organizations. A Topekan since 1943, Jackson is a graduate of Washburn University School of Law.

"I recognize the law must be enforced vigorously, but with restraint so the rights of the employer as well as minority groups will be fully and equally protected," Jackson said upon announcement of his nomination. His statement was typical of the way he has functioned in the past.

As president of the Topeka branch of the NAACP, Jackson has directed a number of civil rights demonstrations and programs in the community. He has been firm in his pursuit of the goals of minority groups and fair to the majority. He can be expected to conduct himself similarly in his new, full-time job of advancing the cause of civil rights on the national level.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. LONG of Missouri. Mr. President, the Senate is considering one of the most important bills in the history of U.S. foreign assistance. The bill before us would end the current foreign aid program by June 30, 1967. This bill requests a sweeping 12-month search for a new U.S. aid program. Meanwhile, it would authorize \$3.35 billion dollars for each of the final 2 years in the current program.

If this bill is enacted in the same general form as reported by the Foreign Relations Committee, the Senate will have initiated the first broad-scale reevaluation of foreign aid since the current program was adopted in 1961.

In my opinion, this bill does not suggest that there is something wrong with the basic principle of foreign aid. The principle of foreign aid is as right today as it was in 1947 when President Harry Truman launched the Marshall plan—America's enormously successful effort to revive war-torn Europe. As the Foreign Relations Committee states in its report on the bill now before us:

Some kind of foreign assistance program is essential to the national interests of the United States.

Mr. President, at this very moment American boys are fighting in the jungles, skies, and seas of southeast Asia. They are fighting to preserve the right of all less-developed Asian countries to grow and prosper without the constant threat of Communist domination.

American boys are being killed in action. American boys are being wounded. If we permit poverty, disease, starvation, and economic instability to continue elsewhere in the world, I do not doubt for a minute that American boys will again have to fight Communist aggression.

Are we going to fight communism with our dollars or only with our American boys?

While communism breeds on poverty and despair, American aid can bring hope to millions of underprivileged peoples. Either we keep helping these peoples in less-developed countries to stand on their own feet, or we are going to have to keep sending American boys to fight. I would much rather send American technicians, American food, and American dollars to build a more peaceful and prosperous world.

The great question this bill raises is: What aid program will best advance American interests in future years?

The establishment of a Foreign Aid Planning Committee, called for in this bill, could help us answer that question. Of course, President Johnson has already had our current program under review. Not long after he became President he appointed a high-level committee to study U.S. foreign aid. But without the long period for study recommended by this bill, it has been difficult to take a completely new look at the full scope of U.S. aid operations.

In my remaining time, Mr. President, I would like to bring to the attention of the Senate the tremendous effort our country is making to provide technical assistance abroad. Title II—Technical Cooperation and Development Grants—and title IV—Alliance for Progress grants—would authorize \$280 million for U.S. technical assistance in fiscal year 1966. This amounts to around 12 percent of the total U.S. nonmilitary aid authorization. In addition the Agency for International Development will contribute first, \$65 million to the United Nations expanded program of technical assistance and the United Nations Special Fund; and, second, \$5 million for United Nations technical and operational assistance to the Congo.

When combined with funds recovered from earlier programs, titles II and IV would provide \$92 million for Africa, \$70 million for Latin America, \$46 million for the Near East and south Asia, \$34 million for the Far East, and \$59 million for research, program support, and interregional activities. The Foreign Relations Committee this year found these technical assistance programs "among the most praiseworthy and hopeful elements in the Foreign Assistance Act."

U.S. technical assistance concentrates on building the human resources necessary for economic development. Our programs reach out to countries des-

perately in need of technical specialists in education, food and agriculture, health and sanitation. We provide American know-how and training for the local administrators of schools and universities, agricultural extension services, public health systems, trade associations, labor unions, and cooperatives.

We are today beginning to meet the vast skilled manpower shortage which plagues so many less-developed countries.

In around 40 less-developed countries, where development is in its earliest stages, more than 50 percent of U.S. aid is for technical assistance. In 25 countries—primarily in Africa—all U.S. aid is for technical assistance. Today, over 5,000 American experts are working abroad giving personal, face-to-face attention to the burning needs of thousands of vital projects. Meanwhile, approximately 9,000 citizens from less-developed countries are training at U.S. business firms and industries, colleges and universities, hospitals and local, State and Federal Government agencies.

The task of building new institutions and of training an adequate number of new technicians is exceedingly difficult. It takes a long time. So we must renew our determination to continue these projects until our objectives are achieved. We must not be satisfied with short-run technical assistance programs whose results are lost in a few years. Our impact must be made strong and long lasting.

I am particularly pleased to see the recent efforts to improve the ties between the Agency for International Development and our universities and colleges. Approximately 70 U.S. universities and colleges are already performing technical assistance tasks under AID contracts worth around \$160 million. This year I am cosponsoring a bill, S. 1212, which would greatly increase Federal assistance to U.S. institutions which are contributing, or wish to contribute, to the U.S. technical assistance efforts abroad.

The U.S. commitment to provide technical assistance is already meeting with a good response from schools and business firms across the country. Every State in the Union is now sharing in the U.S. aid program. I am particularly pleased to note that Missouri is providing an example of what many States are doing to achieve U.S. aid objectives around the world.

Since 1957, for instance, the University of Missouri has been carrying out an extensive program of agricultural assistance in northeast India. By the end of last year, 14 top agricultural experts had been sent to India by the University of Missouri. The university today is concentrating its efforts at India's new Orissa University of Agriculture and Technology. This university was modeled after the U.S. land-grant university.

At the same time, a number of outstanding Indian students are studying agriculture and veterinary science at the University of Missouri at Columbia.

Last year, Missouri's Prof. C. R. Meeker launched a program to demonstrate irrigation pumps in a group of Indian villages. Village committees of farmers assisted in the planning of the demonstration program. These demonstrations have already led to the increased use of irrigation pumps throughout the area. New land is being put into production and new crops are being introduced.

Also last year, with the help of the University of Missouri's Dr. J. M. Poehlman, the Orissa University set up an agricultural experiment station. This required the organization of a university farm. Tractors, pumps, and bullock carts were pooled and the crop-weather observatory was included in the plan. Agricultural research is already in progress under the new agricultural experiment station.

One of our biggest successes has been the creation of a system of poultry production. Dr. Quinton Kinder, poultry expert from the University of Missouri, successfully introduced poultry development plans in both Assam and Orissa. Prof. C. R. Meeker, an extension adviser from the University of Missouri, recently reported that:

Where feed costs for poultry and eggs in the United States run about 50 percent of the cost of production, here (India) it is more nearly 80 to 85 percent. The university is attempting to solve this problem by introducing hybrid maize cultivation during the rabi season. Thousands of acres stand idle following paddy harvest due to lack of irrigation which will be needed for maize production. If irrigation is widely expanded, maize could also become an important crop and make possible the expansion of livestock production on a broad scale.

This is the great challenge of technical assistance.

But as the challenge is great so are the rewards. The Missouri trained Indian who now heads the University of Assam's poultry program wrote:

The unique services of Professor Kinder to our poultry unit, and the U.S. AID cooperation and dedication of the fine buildings to us, will be written in the letters of gold in our hearts.

Since 1951, U.S. technicians have put in 1,000 man-years of service in India. Over 4,200 Indian trainees have studied in the United States. More than 1,000 of these Indian trainees studied U.S. methods of rural extension, irrigation, seed production, and dairy production. With the assistance of U.S. experts, over 1.2 million acres of land have been irrigated. Food storage capacity has increased from 75,000 tons in 1925 to more than 3 million tons this year.

U.S. assistance to the Indian national malaria program has practically eliminated a disease which formerly incapacitated 100 million Indian people each year. U.S. technical assistance in this project is coordinated with the World Health Organization.

U.S. technical experts have also played a significant role in the improvement of industrial management in India. Three hundred managers and technicians have received training in the United States.

American advisory services resulted in the organization of central mechanical liaison units which insure optimum utilization of \$150 million worth of heavy construction equipment.

Technical assistance today is vital. It is necessary before a country can begin the long process of industrialization. It is essential for increasing the food supply where population explosion keeps millions on the verge of starvation.

Through technical assistance Americans develop person-to-person relationships with the recipients of our foreign aid. And in doing so, bonds of friendship are made which may some day be crucial in the paths of many new nations.

Mr. President, I conclude by urging that strong consideration be given in the future to expanding our technical assistance programs. We have a vast abundance of technical skills. We have created the most technically advanced country in the world. Our great system of university education provides the scientific methods with which to meet the world's new challenges and problems.

There have been troubles with administering foreign aid. There has been mismanagement. But we cannot pause. We must correct our mistakes. And then we must get on with the job of helping these nations to stand on their own feet. We must move on, for there is still much to be done.

The PRESIDING OFFICER. The bill is open to further amendment.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 32 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, June 9, 1965, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 8 (legislative day of June 7), 1965:

INTERNATIONAL ATOMIC ENERGY AGENCY

Verne B. Lewis, of Maryland, to be the Deputy Representative of the United States of America to the International Atomic Energy Agency, vice Frank K. Hefner.

IN THE AIR FORCE

The following-named officers to be assigned to positions of importance and responsibility designated by the President in the grade of lieutenant general, under the provisions of section 8066, title 10 of the United States Code:

Maj. Gen. Sam Maddux, Jr., 1561A, Regular Air Force.

Maj. Gen. Joseph H. Moore, 1836A, Regular Air Force.

The following officers to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

Gen. Walter C. Sweeney, Jr., 555A (major general, Regular Air Force) U.S. Air Force.

Gen. Mark E. Bradley, 552A (major general, Regular Air Force) U.S. Air Force.

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
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HIGHLIGHTS: Sen. Ellender introduced farm bills and announced hearings, and he and Sen. Williams, Del., discussed this subject. Senate debated foreign aid authorization. Sen. Williams, N.J., defended Secretary Wirtz regarding Mexican farm labor program. House committee reported revised disaster relief bill. House Rules Committee cleared housing bill. Sen. Tower submitted and discussed measure to curtail beef imports when danger of foot-and-mouth disease.

SENATE

1. FOREIGN AID. Continued debate on S. 1837, the foreign aid authorization bill. pp. 12566-73, 12588-603

2. FARM PROGRAM. In connection with introduction of a farm bill, Sen. Ellender announced hearings to begin June 16; discussed various farm-program proposals, and discussed the cotton program with Sen. Williams, Del. pp. 12503-6

3. FARM LABOR. Sen. Williams, N. J., defended the actions of Secretary Wirtz regarding the question as to whether the Mexican farm labor program should be continued, and Sen. Inouye inserted articles which, he said, indicated that some Calif. growers are not sorry to see discontinuance of the program. pp. 12603-12

4. WATERSHEDS. Received from the Budget Bureau plans for works of improvement for Crooked Creek, Ala.; Haney Creek, Ark.; Upper Crooked Creek, Ark.; Muddy Fork of Silver Creek, Ind.; Cub Creek, Nebr.; Assumpink Creek, N. J.; St. Thomas Lodema,

and Buffalo Creek, Ohio; to Agriculture and Forestry Committee. Also Lower Little Tallapoosa River, Ga.; Uncle John Creek, Okla.; Wilson Spring Creek, Tenn.; Attoyac Bayou, Tex.; Castleman Creek, Tex.; and Donahue Creek, Tex.; to Public Works Committee. p. 12502

5. FARM LOANS. Received from this Department a proposed bill to amend the Consolidated Farmers Home Administration Act so as to permit release of valueless liens; to Agriculture and Forestry Committee. p. 12502

6. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1496, to repeal the act which prohibits the detail of field personnel to duty in D. C. except for performance of duties in connection with their field offices (S. Rept. 309); with amendment S. 1495, to permit variation of the 40-hour work-week of Federal employees for educational purposes (S. Rept. 310); and without amendment H. R. 1782, to amend the Retired Federal Employees Health Benefits Act with respect to Government contribution for expenses incurred in administration of the Act (S. Rept. 307). p. 12502

Received from the Civil Service Commission a proposed bill to amend Sec. 7 of the Administrative Expenses Act of 1946 so as to provide for payment of travel cost for applicants invited by a department to visit it for purposes connected with employment; to Government Operations Committee. p. 12502

7. FOREIGN TRADE. Sen. Hartke spoke in favor of S. 2045, his bill to improve the operation and administration of the Antidumping Act of 1921. pp. 12540-1

HOUSE

8. DISASTER RELIEF. The Public Works Committee reported without amendment S. 2089, to provide assistance to the States of California, Oregon, Washington, Nevada, and Idaho for the reconstruction of areas damaged by recent floods and high waters (H. Rept. 482). (p. 12497). This bill is a substitute for S. 327, which was vetoed by the President.

9. DEBT LIMIT. By a vote of 229 to 164, passed without amendment H. R. 8464, to provide, for the period beginning on July 1, 1965, and ending on June 30, 1966, a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act. pp. 12431-50, 12475

10. TARIFF. Passed as reported H. R. 4493, to continue through June 30, 1967, the existing suspension of duties for metal scrap. pp. 12450-1

Passed without amendment H. R. 5768, to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk. p. 12451

Passed as reported H. R. 7621, to amend title I of the Tariff Act of 1930 to limit button blanks to raw or crude blanks suitable for manufacture into buttons. p. 10451-2

11. HOUSING. The "Daily Digest" states that the Rules Committee "Granted an open rule, waiving points of order, with 2 hours of general debate, making H.R. 8822 in order to be offered a substitute, on H. R. 6927, to establish a Department of Housing and Urban Development." p. D504

Rep. Dwyer commended the above action and inserted the text of her testimony on H. R. 8822. pp. 12480-1

ADDRESS BY ROBERT W. SARNOFF, CHAIRMAN OF THE BOARD, NATIONAL BROADCASTING CO., INC., AT THE BETHANY COLLEGE COMMENCEMENT, BETHANY, W. VA., JUNE 6, 1965

It is a pleasure and privilege to share this happy day with you. I am grateful for the honor that has been bestowed upon me, both in becoming, along with you graduates, an alumnus of this distinguished college and in the opportunity to deliver its parting words to you.

The commencement speaker who hopes to dispense something of value inevitably confronts a practical handicap and a theoretical advantage. The handicap is that he has a tough act to follow—the faculty of this institution, which has guided and influenced your thoughts over the last 4 years. The advantage is that, whatever the character of his remarks, he has the last word and perhaps the final impression.

A college commencement can be perceived in a variety of ways, depending on the role one plays in it. For the graduate it is at once an ending and a beginning. This aspect of such a day has been illustrated in a cartoon I recall seeing in the New Yorker magazine. It pictured a graduate, cap and gown somewhat askew, clutching his diploma, striding happily to greet his equally happy parents after the ceremony, and exclaiming: "Well, here we go. Dog eat dog." As one who is beginning to measure the time since his own commencement in decades, rather than years, I can assure you the phase of your lives you are entering today is not so hazardous as all that. But to be wholly realistic, it is one that will continue to demand the very best you can give it. Ours is a world and an era marked by accelerating change and growing complexity—characteristics which become more apparent when viewed in the perspective of history.

In bygone days, some philosophers were given to debating such esoteric matters as how many angels could dance on the head of a pin. Their modern counterparts struggle with the question of how many people can stand on the face of the earth. In the era when Bethany was founded, learned men preoccupied themselves in seeking the origin of our species. That search still goes on, in far greater depth, but it has given ground to the more pressing concern for our survival.

Scarcely a generation ago, engineers began struggling with the task of linking city to city with adequate highways, and now we are beating a path to the moon. When most of you seniors were born we were fighting in a world war that mankind hoped would end all wars. Now we are striving to prevent a war that we fear would end all mankind.

This spring, a group of five intellectuals gathered in a New York hotel to debate whether man could survive the kind of world he himself is creating. They concluded that he probably could, but to quote the New York Times' report of the discussion, "they left open such details as the quality and the circumstances of that survival."

One can be as pessimistic or as optimistic as he chooses in pondering those details. But the opinion of the noted anthropologist, Dr. Margaret Mead, who participated in the debate, commends itself to the optimist: that is, a new element of stability has been introduced into our turbulent world through the enormous recent advances in communications that make possible the universal sharing of knowledge and the unification of the worldwide scope of modern civilization.

Indeed, as we have approached the brink of destruction, our technology has given us not only the means to avert disaster but to enrich our lives as well. As we have accumulated problems, we have accumulated knowledge, and our modern techniques of communication, sired by the science of elec-

tronics, have emerged as potentially the greatest single influence upon man's development.

Computers have extended the capabilities of the human mind to a degree that staggers the mind itself. With their capacity to handle masses of data at speeds measured in millionths of a second, they provide the means of gaining, assimilating, relating, storing and imparting knowledge and information for rapid use in an infinite variety of ways, ranging from the pragmatic demands of business and government to the abstract needs of researchers and scholars.

They have already had a profound effect on industry in speeding up processing of paper work, performing intricate calculations, assisting and implementing executive decisions. And their uses by government extend from the pursuit of tax dodgers to the guidance of space flights. But impressive as their present applications are, they have barely scratched the surface of their potential.

The blending of computers and communications offers the promise of solving some of our most vexing social problems—in education, urban planning, efficient utilization of natural resources, air and water pollution, rising population, famine, poverty and disease—not merely on a regional basis, but on a worldwide scale.

Taking health as an example, it will, in the foreseeable future, be possible to maintain a complete medical history of every person in the nation, which would be kept up-to-date in a regional computer for instant consultation by any physician or hospital. With such a record, diagnosis will be easier and more complete than by present methods. These records, in the aggregate, would constitute a national health profile, constantly under analysis by systems of computers, promptly noting trends in public health, including the warning signs of an epidemic or an emerging viral strain.

In time, the correlation of vast quantities of medical data and such other factors as air pollution, or work and nutritional habits could add significantly to the search for new treatments and cures.

In business and industry, computer systems will permit centralized control over vast enterprises. The computers will assimilate information on market trends, production schedules, availability of raw materials and means of distribution and other relevant data and present it to management with alternatives for a decision. The decision made, it will be transmitted by computer to automated production facilities and fully implemented. Or, the business executive will be able to command his operation through participation in essential discussions on a closed-circuit television system, while computers provide necessary information on the screen or provide it in print through desk instruments.

Researchers and scholars will call upon knowledge centers—computer systems that with the push of a button in the laboratory or library will allow them to tap all the accumulated knowledge in their fields of interest.

In all of their applications, computers will be linked on a global basis by satellites, cables, microwave systems, as well as standard telephone and telegraph connections, so that knowledge developed in one place can be made available immediately in any spot on the globe. They will respond to pushbutton operation, handwriting, images, or voice. Ultimately, huge quantities of information may be transmitted regionally or globally by laser, a single beam of intense light inherently capable of delivering all the information transmitted by all the television stations, radio stations, teletypewriters, and telephones in the world, operating at the same time.

At present, there are computer centers in operation, whose services are supplied to sub-

scribers in much the same fashion as lawyers and accountants supply legal and financial capability. The next step will be a nationwide network of such centers, accumulating and storing information to become readily available for a wide range of different requirements. This information can encompass varied data, from all social security records to insurance records, income tax records, patent records, the immediate status of all freight cars on all railways, the record of all jet planes and seats available on them at any given time. The stored information could also include programs for the specific use of these records in innumerable ways. Such a system could serve all these diverse uses, no one of which might justify a national computer network for itself.

But these and others are professional, specialized, and highly sophisticated applications of our modern communications. They will have deep and far-reaching impact on the society in which you will live and work, but their influence, for most individuals, will be indirect. The more personal and vivid influence of communications on the individual will continue to derive from the mass media that are available to serve his own needs and interests, when he chooses to call on them. Among them none is more powerful or pervasive than television.

As the only medium capable of combining sight, sound, color, and immediacy, it is an information and educative force without equal. Its acceptance by the public is illustrated again and again by the size of audience drawn to the live coverage of major events and by surveys documenting the public's overwhelming reliance on television for information on the happenings and issues of the day. It has carried an entire population to a depth and breadth of experience that only a relatively few could have attained a generation ago. It has exposed even the most parochial minds to the broad vistas of history, science, the humanities, and the popular and fine arts. It has introduced the farmer to the subway motorman and involved the man on the street in the problems and crises of his world, at home and abroad.

Television is, moreover, a mass medium truly in the public domain—shaped by the tastes, preferences, and choices of its audiences, who day by day elect precisely how they will be served by it. And it is this essential aspect of the medium that has drawn the charge that it too often encourages conformity, superficiality, and passivity.

The unrest comes largely from the intellectual community with demands that television purvey more social criticism and less situation comedy, more learned debate and fewer light dramas, more culture for children and fewer cartoons.

The demand is not wholly unreasonable, nor is the criticism entirely undeserved. But by its very nature a mass medium such as television must reflect the wishes of the society it serves. If it regularly reaches too far beyond the limits of interest of most of its audience, it is not serving them effectively. On the other hand, if it fails to lead and does not rise above a common denominator, it is abdicating its own true potential. The problem is one of balance, which is, of course, a matter of degree. However, in a constantly changing society it is unlikely that we will ever succeed in defining the precise and proper balance for a medium that strives to meet all the conflicting requirements of the total public it serves.

In the last analysis, the public itself will determine the degree to which it accepts television as a cultural and educational force. Hopefully, it will strike an appropriate balance between what it wants and what it needs. While massive force feeding has been used successfully in producing *pate de foie gras*, it is a useless technique for raising the taste and cultural or educational sights of a society.

The experience of educational television—noncommercial stations that provide both formal instruction and informal, or cultural, information—offers an interesting case in point. The Federal Government shares in the cost of constructing and equipping such facilities on a matching basis, providing up to \$1 million in a single State. After that the station management must find its own financial backing.

While few, if any, educational stations are without financial worries, a station's solvency seems to depend on its role in the community. An educational television station, primarily serving a teaching function and deriving the bulk of its support from municipal or State government, appears to stay out of financial difficulty. An educational station broadcasting to the community at large is on its own to a far greater extent. The degree to which the community needs and wants what it offers determines its ability to raise funds from the community.

Among the nearly 100 educational television stations in the country there are notable examples of community acceptance. The station in Chicago, for example, raises 25 percent of its budget from the general public, including corporations. It has 175,000 to 200,000 contributors, with the number rising 15 to 20 percent each year. The San Francisco station reports great success with an annual option of donated merchandise in raising its \$400,000 budget. Among the largest educational stations is Boston, operating on a \$1 million annual budget, nearly half of which comes from public subscriptions. When the station burned 3 years ago, more than 50,000 Bostonians contributed well over \$1 million to the rebuilding fund.

Regrettably, this pattern has not applied universally. For example, the principal New York educational station has had a serious problem in seeking to match its aspirations with the funds available to it. Since its establishment 3 years ago, the station's advocates have hailed it as an opportunity to close what they regard as a cultural gap in the community by offering programming that is not available from the city's six commercial stations. Yet, despite energetic and continued backing from two FCC Chairmen and from the city's television columnists and editorial writers, more than \$5 million in Ford Foundation funds, and generous contributions and promotional support from commercial broadcasting organizations, it is in severe economic difficulties. It has not yet been able to develop a sufficient base of financial support among residents of the largest metropolitan area in the world, whose special interests it is designed to meet. Unquestionably, it faces a greater challenge than most, because of the richness and variety of the intellectual and cultural opportunities directly available in New York.

Across the country there is ample evidence that when a community itself decides it has a cultural gap, it can be successful in filling it. In St. Paul, Minn., \$900,000 in private subscriptions was raised to supplement proceeds from a bond issue for the construction of an arts and science center. In Houston, the Alley Theater raised \$900,000 toward the construction of two new theaters. There are many more examples, but without doubt the most stunning is the \$18.5 million raised by private subscription toward the construction of the spectacular Los Angeles Music Center.

The lesson, it seems, is that the threshold requirement of educational television—as of any enterprise—is to locate its market and identify the need it intends to fill. Whatever may be said of commercial television, critical or commendatory, it has acknowledged that demand. Its successes and failures are a handy book of reference for the educational broadcaster who would align the goals of the academies with the tumult of the marketplace. In any community the educational

broadcaster and the advocates of educational television must face a basic question: Does a sufficient segment of the public believe there is a need that is not being satisfied by the total information and cultural resources of the community, including its commercial television stations, its colleges and universities, art galleries, museums, theaters, concert halls and adult educational facilities? For educational television—like any other service to the public—can be sustained only to the extent that it meets a real need and want in its area; if not, no amount of artificial respiration will sustain it permanently.

This applies not only to educational or commercial television, but as well to the intellectual and cultural development of a national or world society. It is not to ignore the distinction between immediate satisfaction and ultimate fulfillment. But it emphasizes that the quest for knowledge and cultural experience must begin with the individual and its fulfillment is a personal discipline. No matter how skillfully you have been taught or how high your academic attainment, you will take away from your experience on this campus only what you have put into it. At best you will take more than a coherent aggregate of facts and figures or the rudiments on which to build a career. Those of you who will profit most from your years of formal schooling are the men and women who have comprehended that education is a lifetime process, and a wholly voluntary one. You will have recognized that it is within your power to determine the quality and circumstances of man's survival by the manner in which you put to use the great new tools technology has placed at man's disposal.

They will deliver what you ask of them, and it is left to you to exploit their advantages, support what they offer that is of value, discourage what is not.

One hundred and twenty-five years ago, the founder of this college wrote of the liberal arts and sciences that "they open to us an extensive acquaintance with literature, science, and art; and thus furnish us with the means of extending our acquaintance with nature, society, and the Bible, to any extent commensurate with the wants of our nature and the limits of our existence."

He could not have foreseen how far the limits of our existence would be extended, but our acquaintance with the world in which we live will always be bound by the wants of our nature. That is a truth and a challenge that stalks us all.

Congratulations and good luck.

Mr. CHURCH. Mr. President, I ask that the unfinished business be laid before the Senate, if morning business is concluded.

The PRESIDING OFFICER (Mr. GORE in the chair). Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1965

Mr. CHURCH. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate resumed the consideration of the bill.

AMENDMENT NO. 228

Mr. MILLER. Mr. President, I call up my amendment No. 228, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment (No. 228) as follows:

On page 18, line 22, insert the following: "Add to such section 620 a new subsection as follows:

"(n) In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, no assistance shall be furnished under the provisions of this Act, to the government of any nation which is more than one year in arrears in its payment of any assessment by the United Nations for its regular budget or for peace and security operations, unless a report is first furnished by the President to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives setting forth his determination that such assistance should nevertheless be furnished, accompanied by the reasons for such determination, including the assurance, if any, given by the government concerned of paying (independently of such assistance) all such arrearages and placing its payments of such assessments on a current basis or an explanation of the unusual and exceptional circumstances which make it economically incapable of giving such assurance."

Mr. DIRKSEN. Mr. President, if the distinguished Senator from Iowa will yield without losing the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the Senator yields for that purpose, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

[No. 111 Leg.]

Allott	Gruening	Montoya
Bass	Harris	Murphy
Bible	Hill	Pastore
Burdick	Hruska	Ribicoff
Church	Javits	Russell, S.C.
Clark	Jordan, Idaho	Saltonstall
Cooper	Kuchel	Simpson
Dirksen	Mansfield	Thurmond
Ervin	McCarthy	Young, N. Dak.
Gore	Miller	Young, Ohio

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from West Virginia [Mr. BYRD], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

The PRESIDING OFFICER. A quorum is not present.

Mr. McCARTHY. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on the motion of the Senator from Minnesota.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BARTLETT, Mr. BAYH, Mr.

BENNETT, Mr. BOGGS, Mr. BREWSTER, Mr. CANNON, Mr. CASE, Mr. COTTON, Mr. CURTIS, Mr. DODD, Mr. DOMINICK, Mr. DOUGLAS, Mr. EASTLAND, Mr. ELLENDER, Mr. FANNIN, Mr. FONG, Mr. FULBRIGHT, Mr. HARTKE, Mr. HICKENLOOPER, Mr. HOLLAND, Mr. INOUE, Mr. JACKSON, Mr. JORDAN of North Carolina, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Louisiana, Mr. McCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MCNAMARA, Mr. METCALF, Mr. MONDALE, Mr. MONRONEY, Mr. MORSE, Mr. MORTON, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. NELSON, Mrs. NEUBERGER, Mr. PELL, Mr. PROXMIRE, Mr. RANDOLPH, Mr. ROBERTSON, Mr. RUSSELL of Georgia, Mr. SCOTT, Mrs. SMITH, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. TOWER, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, and Mr. YARBOROUGH entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). A quorum is present.

Mr. MILLER. Mr. President, I invite the attention of my colleagues in the Senate to some mimeographed material on their desks, which may help them follow what I have to say.

The United Nations Charter is a document to which our country subscribed with, I am sure, the full intention that the principles contained therein be adhered to.

I do not believe that it was our intention that these principles be violated or winked at, that the United Nations would exist merely as a debating society. Rather, it was our intention that it exist as a moral force for world peace at the very least.

Unfortunately, many members have, by their selfish actions, prevented the United Nations from realizing—except in a very modest way—the noble purposes intended for it.

In fact, as a result of the failure of a majority of the members to pay their just dues and assessments, the United Nations is virtually bankrupt.

There were, as of March 31 of this year, 71 members of the 114-nation world organization which had failed to pay just dues and assessments totaling \$132 million.

These assessments were apportioned on a basis of relative ability to pay by a committee representing a true cross-section of the membership so that the concept of equal sharing of burdens in financing the United Nations would be followed.

I think we should reexamine these apportioned burdens:

The United States: 31.91 percent.

I might add that due to the additional, voluntary contributions, the U.S. portion comes to well above this figure. This is the official amount apportioned to the United States.

Sixteen West European nations: 22.77 percent.

Canada, Australia, and New Zealand: 5.13 percent.

Parenthetically, I might point out that these 20 nations shoulder nearly 60 percent of total.

Thirty-five members of the Organization of African Unity: 1.70 percent.

South Africa: 0.52 percent.

This translates into 2.22 percent for the African nations.

Twenty-two Latin American countries: 4.61 percent.

Twenty-three Asian countries: 11.36 percent.

The Soviet Union and Eastern European countries: 21.56 percent.

I would suggest that if any nation had a right to object, it would or should be the United States.

Yet the nations with the least to pay are the most numerous among the delinquents.

Last November, while a member of the U.S. delegation to the Commonwealth Parliamentary Association Conference in Jamaica, the delegate from Malaysia put great stress upon the need for adherence to the principles of the Charter of the United Nations. I have no doubt that he was thinking of the determination recited:

To save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind and to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and

To establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained.

But whether it is these principles, or the moral principle that membership in the United Nations shall be open only to peace-loving nations, or the principle that those nations more than 2 years delinquent in the payment of their dues and assessments lose their vote, or that each nation should be prompt in payment of these dues and assessments—each comprises a part of the charter. Let one of them be stamped on with impunity by any member, large or small, and the honor, the dignity, and the self-respect of every other member will have been wounded; and the integrity of the United Nations will have been damaged.

The hopes and aspirations of millions of innocent people will be ignored if expediency rules over principle in the United Nations.

The success of the United Nations cannot be taken for granted any more than freedom can be taken for granted. The price to be paid is eternal vigilance and steadfast adherence to principle. It will be an empty speech to talk about rights of individuals and rights of nations unless there is an accompanying determination by individuals and nations to carry out the responsibilities which are correlated to those rights.

The United States must take a position of firmness in dealing with those

who would flout the principles of the United Nations.

I know of no better place to exert firm leadership than in the case of those nations to which we provide aid.

This is the thrust of my amendment which would withhold aid from delinquent nations until they see fit to practice fiscal integrity before the United Nations.

My amendment provides for this withholding of aid from nations which are more than 1 year in arrears in their assessments. It contains what I believe to be a reasonable "escape clause," enabling the President of the United States to use discretion to waive this prohibition if he finds that a delinquent nation is either unable to pay its assessments due to exceptional economic circumstances or has given reasonable assurance that it will get its payments on a current basis.

I recognize that the Soviet Union and some of its satellites account for half of the total delinquencies. I recognize that we do not furnish the Soviet Union and most of its satellites foreign aid.

But in encouraging the nations to which we furnish aid to pay up in their assessments, we would be placing the Soviet Union in a position to answer to world opinion.

By emphasizing to these nations that we are serious in wanting to save the United Nations, we would be doing much to shore up the financial foundations of this world organization.

Need I remind my colleagues that the United Nations is currently burdened with nearly a \$300 million debt—\$106,300,000 deficit on regular budget and peacekeeping operations, some \$40 million owed on a headquarters loan, an estimated \$1.3 million owed on the Old League of Nations building in Geneva, and an estimated \$147 million owed on bonds.

Of the 114-member world body, the United States during fiscal year 1964 furnished aid to 94. Fifty of these nations are delinquent in one or more of their assessments to the United Nations.

And of these 50, 46 would be affected by my amendment which provides that assistance will be withheld from any nation over 1 year delinquent in United Nations dues.

Mr. President, I have prepared a table of these 46 nations. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Fifty-one nations to which the United States has furnished aid since 1946 are delinquent in one or more of their assessments to the United Nations.

Excluding Cuba, 50 of these countries received some type of assistance from the United States in fiscal year 1964. Forty-six would be affected by the Miller amendment which provides that assistance will be withheld from any nation over 1 year delinquent in United Nations dues.

Countries which would be affected by Miller amendment

Country	Total U.S. aid, fiscal year 1964	U.N. arrear- ages, calendar year 1963 and prior	U.N. arrear- ages for all years
Afghanistan	\$43,600,000	\$66,228.00	\$74,750.31
Argentina	14,800,000	670,822.15	1,750,573.15
Belgium	141,400,000	3,092,143.00	3,253,651.00
Bolivia	80,700,000	56,070.00	94,097.00
Brazil	401,500,000	930,749.50	1,954,266.00
Central African Republic	1,100,000	3,240.00	8,845.00
Chile	142,900,000	342,116.00	593,496.00
China	183,800,000	6,218,493.00	10,733,165.00
Congo (Brazzaville)	2,900,000	8,845.00	48,594.00
Costa Rica	16,400,000	18,950.59	41,965.71
Dahomey	1,200,000	3,644.81	34,225.57
Dominican Republic	16,600,000	67,724.02	116,684.01
Ecuador	30,800,000	6,855.84	55,638.72
El Salvador	15,900,000	15,203.00	22,018.00
Ethiopia	19,200,000	11,059.00	19,578.00
France	32,300,000	16,143,083.00	17,752,565.00
Guatemala	15,500,000	12,090.00	49,627.00
Guinea	19,800,000	17,064.00	23,879.00
Haiti	3,700,000	49,400.50	87,985.50
Iraq	24,600,000	96,502.00	184,179.00
Jordan	58,800,000	76,617.00	83,432.00
Lebanon	200,000	23,434.00	31,953.00
Mali	3,300,000	20,910.00	24,259.00
Mauritania	800,000	17,318.00	40,262.55
Mexico	108,700,000	1,228,888.00	1,354,965.00
Nepal	6,400,000	8,845.00	48,593.77
Nicaragua	8,100,000	44,539.00	84,133.00
Niger	2,400,000	29,214.50	38,470.50
Panama	18,200,000	37,279.50	37,279.50
Paraguay	9,500,000	55,410.00	95,159.00
Peru	120,100,000	158,577.78	175,614.78
Poland	15,000,000	3,665,051.00	4,322,387.50
Portugal	17,200,000	188,277.00	221,105.00
Saudi Arabia (military data classified)		122,855.00	134,811.00
Senegal	6,200,000	30,014.00	79,699.00
Somalia	4,100,000	28,583.32	68,332.32
Spain	81,600,000	1,818,833.00	1,975,356.00
Sudan	7,500,000	75,067.00	144,625.00
Syria	3,400,000	51,681.00	101,366.00
Thailand	81,600,000	12,962.00	35,384.00
Togo	1,700,000	29,214.50	41,625.50
United Arab Republic	144,500,000	326,300.00	374,322.52
Upper Volta	900,000	21,797.00	54,365.14
Uruguay	9,000,000	136,052.44	240,446.44
Yemen	5,700,000	87,380.50	127,129.50
Yugoslavia	75,600,000	301,453.00	333,269.00

¹ Includes Luxembourg.

Sources: U.N. Secretariat, "Statement on the Collection of Contributions as a (Mar. 31, 1965, U.S. Overseas Loans and Grants, Fiscal Year 1964, AID, Sept. 4, 1964."

Mr. MILLER. Of the 46 nations which would come under the provisions of my amendment, 14 in the past year or so have been the scenes of anti-American demonstrations. These included: Argentina, Belgium, Bolivia, Brazil, Congo—Brazzaville, the Dominican Republic, Guatemala, Nicaragua, Panama, Peru, Somalia, Sudan, the United Arab Republic, and Uruguay.

Of the 46, 15 voted more often with the Soviet Union than the United States during the 18th General Assembly (1963) of the United Nations, the last year in which votes are recorded. These included: Afghanistan, Ethiopia, Guinea, Iraq, Jordan, Mali, Nepal, Poland, Saudi Arabia, Somalia, Sudan, Syria, United Arab Republic, Yemen, and Yugoslavia.

Action on my amendment would have an indirect effect on resolution of the problem relating to peacekeeping and assessment controversies which is tearing the United Nations apart today.

On February 27 of this year, this 33-nation Special Committee on Peacekeeping Operations was created to seek a solution to the question of those nations subject to article 19 of the Charter. This article dictates that countries more than 2 years in arrears on their assessments shall be deprived of their right to vote in the Assembly.

Yet this committee, to put it mildly, was stacked against any real possibility of the article being enforced.

Why? Because 19 members of that committee are delinquent in assessments:

France, the Soviet Union, Ethiopia, Mauritania, United Arab Republic, Afghanistan, Iraq, Thailand, Argentina, Brazil, El Salvador, Mexico, Italy, Spain, Czechoslovakia, Hungary, Poland, Rumania, and Yugoslavia.

That is well over half of the committee's membership.

And who is the committee chairman? None other than Assembly President Alex Quaison-Sackey of Ghana, a country with a record of hostility to the United States notwithstanding our record of an immense amount of aid to her.

Of the 46 which would be affected by the Miller amendment, four—France, Spain, Yugoslavia and Brazil—were listed as late as last year as among the major free world traders with Cuba.

These are all factors which should be weighed in the consideration of my amendment. I am hopeful that the Senate will recognize that had it acted favorably on this amendment in previous years—and, Mr. President, this is the fifth time that this amendment in substance has been presented to the Senate—had the Senate acted, the financial crisis of the U.N. might well have been prevented.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the amendment offered by the Senator from Iowa.

The PRESIDING OFFICER. The yeas and nays are ordered.

Mr. McCARTHY. Mr. President, this proposed action was rejected by the Sen-

ate in 1963 by a vote of roughly 3 to 1. It was again rejected in 1964 by a vote of 52 to 25. There are no more compelling arguments for the adoption of the amendment this year than there were last year or the year before.

Essentially, the amendment proposes to have the United States unilaterally apply sanctions to countries for nonpayments of United Nations assessments, even though the countries are not subject to any sanction by the United Nations. This amendment would apply a 1-year standard, rather than the 2-year standard of the United Nations Charter.

I am informed that, of all aid recipients under the 1965 program, only Yemen would be subject to the provisions of article 19 of the United Nations Charter. The other aid-recipient countries which are listed as an argument on behalf of the amendment offered by the Senator from Iowa, are not now subject to sanction under article 19 of the United Nations Charter.

If we were to apply this standard to countries which could not make up the 1-year deficit to the U.N., the country that would probably be most seriously affected would be Nationalist China, which is in arrears in the amount of approximately \$6 million. If Nationalist China did not pay this amount, under the terms of the proposed amendment, we would be compelled, unless the President invoked the escape clause, to deny them millions in military assistance in the next few months.

In my judgment, it is a mistake to attempt to move in this direction on the problem of deficits and United Nations financing.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. DOMINICK. Mr. President, I inform the Senator from Minnesota that it is my understanding that Nationalist China this year has brought its entire assessment up to date. It is not in arrears. The RECORD should show that fact. This is the information that I have received from the Ambassador from the Republic of China.

Mr. McCARTHY. I am using the figures which the Senator from Iowa listed in support of his amendment. I prefer to use his own data in challenging his amendment.

Mr. DOMINICK. Mr. President, I was anxious to state that information.

Mr. MILLER. Mr. President, I point out in my statement that the figures shown are as of March 31 of this year. Those are the most recent figures we were able to obtain from the Comptroller of the United Nations. If there has been some action which is more recent than that, which shows the payment of arrears by Nationalist China, the RECORD should show that.

I am delighted to receive that information. However, I do not believe that there will be any material change with respect to the others set forth on the list.

Mr. McCARTHY. Mr. President, I cited that as an example of what might happen. If the amendment were agreed to, a country such as China, which might be in arrears, would be denied aid unless

the President were to evoke the escape clause.

I feel that the amendment is quite unnecessary. If it should prove necessary to have a country pay a deficit to the United Nations, it might have the effect of forcing us to give them additional aid, which aid they could use to pay their obligations to the United Nations. In that way, instead of reducing the aid program, it would have the effect of increasing it.

There is little or no merit in the amendment. I hope that the Senate will sustain the position of the committee.

Mr. MILLER. Mr. President, I believe that the Senator from Minnesota has probably set forth the views of the State Department on my amendment very well. I regret that those views seem to me to be unacceptable and unresponsive to the points raised. For example, it was suggested that my amendment might, if Nationalist China had not recently paid its delinquency, cause Nationalist China to be deprived of \$183 million in foreign aid. What is wrong with depriving a country of \$183 million in foreign aid if it refuses to pay \$6 million to the United Nations?

The logic of the argument completely escapes me. I point out some of the other situations. Last year Afghanistan received \$43.6 million in foreign aid from the taxpayers of this country, and yet, somehow or other, that country cannot bring itself to pay \$66,000 in back dues and assessments to the United Nations.

Argentina received \$14,800,000 from us in foreign aid and is \$66,228 in arrears in back assessments and dues.

Bolivia received over \$80 million, and yet is \$56,000 in arrears in dues and assessments.

Brazil received \$401,500,000 in foreign aid from us, and yet it cannot pay a little less than \$1 million in back dues and assessments to the United Nations.

Chile received \$142 million from us in foreign aid, and yet it is \$342,000 in arrears in assessments and dues to the United Nations.

Ecuador received over \$30 million in foreign aid from us, and still she cannot pay \$6,000 in back dues and assessments to the United Nations.

El Salvador received almost \$16 million from us in foreign aid, and still owes \$15,000 in back dues and assessments to the United Nations.

Iraq received \$24,600,000 from us in foreign aid, and yet will not pay \$96,000 in back dues and assessments to the United Nations.

Jordan received \$58,800,000 from us in foreign aid—for which the taxpayers of this country paid—and will not pay \$76,000 in back dues and assessments to the United Nations.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. McCARTHY. The Senator is saying they will not pay. On what basis does he make that statement?

Mr. MILLER. By reason of the fact that they have not paid.

Mr. McCARTHY. That does not mean they will not. Under the United Nations Charter they have 2 years to pay,

and there is only one country which is in arrears for that period of time and which is receiving aid from the United States.

Mr. MILLER. If the Senator does not like my expression, let us say that they will not pay on time.

Mr. McCARTHY. What is "on time"? They have 2 years.

Mr. MILLER. No. The time for them to pay is during the calendar year. January 1 is the due date; but I have not listed the countries as being in arrears except for years prior to 1964.

Who is going to pay the bill while they are dragging their feet? The United States is paying for it. The taxpayers of the United States are paying for it. That is why I say they will not pay or will not pay on time. I do not see why we should let things run until they are 2 years in arrears and then lose the right to vote. This is a matter of playing fair with the United Nations.

To continue, our good neighbor to the south of us, Mexico, received \$108,700,000 from us in foreign aid, and is still \$1,228,000 in arrears in dues and assessments to the United Nations.

When I say in arrears, I mean more than 1 year. I am taking the arrearages prior to 1964. I am not counting 1964.

Peru received \$120 million from us in foreign aid, and is still \$158,000 in arrears in dues and assessments to the United Nations.

Poland received \$15 million in foreign aid last year from us, and is \$3,600,000 in arrears in dues and assessments to the United Nations.

Somalia received \$4,100,000 from us in foreign aid last year and is \$28,000 in arrears in dues and assessments to the United Nations.

Spain received \$81,600,000 in foreign aid from us last year, and she is \$1,800,000 in arrears.

Sudan received \$7,500,000 in foreign aid from us, and is \$75,000 in arrears in dues and assessments to the United Nations—1 $\frac{1}{100}$ of our foreign aid, and still she will not pay.

The United Arab Republic, which has not overly distinguished itself by being friendly to the United States, received \$144,500,000 in foreign aid from us, from the taxpayers of this country, and still is \$326,300 in arrears to the United Nations.

Yugoslavia received \$75,600,000 in foreign aid from us, and is \$301,453 in arrears to the United Nations.

I find it impossible to believe, with all this foreign aid going to those countries, that they cannot pay. The total amount of U.S. foreign aid to these 46 nations amounts to \$1,807,800,000. Their delinquencies to the United Nations amounted to \$36,536,866. They received foreign aid 50 times in excess of their delinquencies. Still they do not seem willing to pay. They will not pay. I suggest it is a case in which they will not pay on time.

The suggestion has been advanced that the escape hatch could be used in the case of meritorious countries. My amendment provides that our foreign aid will not be cut off from countries if the President furnishes the Committee

on Foreign Relations of the Senate and the Speaker of the House of Representatives a determination that such assistance should nevertheless be furnished, notwithstanding that they are more than 1 years in arrears accompanied by the reasons for such determination, including the assurance, if any, given by the government concerned of paying—independently of such assistance—all such arrearages and placing its payments of such assessments on a current basis, or an explanation of the unusual and exceptional circumstances which make it economically incapable of giving such assurance.

What is wrong with that? I think I know what is wrong in the minds of some people in the State Department, because they do not want to go to the bother of going through 46 nations and coming up with the information that the President would have to furnish Congress. They do not want to have to determine and set forth the reasons for the refusal of those countries to keep current on their assessments, but which, nevertheless, call upon the taxpayers of this country to do so.

They do not want to go there and get the assurance that those countries are going to pay their dues and assessments to the United Nations. That is too bad, but let them go back home and face the taxpayers, tell the people this, and then let them try to get themselves elected to office. They will find that they could not be elected.

I find this attitude on the part of persons in the State Department completely contemptuous of the taxpayers of the country.

I suggest that my amendment is not a harsh amendment. There has not been a nation that has been assessed except upon the basis of its relative ability to pay, which question is passed upon by underdeveloped nations. The argument that countries may have difficulty paying assessments and dues amounting to one-fiftieth or one-hundredth of the foreign aid they receive does not make sense.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. DOMINICK. I have listened with interest to the Senator's statement. When the Senator talks about foreign aid that we gave in fiscal 1964, is the Senator referring to both military assistance and other aid? Is he referring to MAAG and other assistance?

Mr. MILLER. Yes, it includes all foreign aid.

Mr. DOMINICK. It is not merely economic grants and loans, then?

Mr. MILLER. No.

Mr. DOMINICK. I thank the Senator.

Mr. MILLER. I wish to make another point. I have in my hand a Thermo-Fax copy of a position paper by the Department of State on this question. This is what some of these people who are in their ivory towers say: "One objection is that the amendment could cut off U.S. assistance to a nation which is not subject to the United Nations own sanctions, unlike article 19, which penalizes members whose total arrearages exceed its U.N. assessments over the last 2

years, the amendment would penalize any nation which is in arrears more than 1 year."

Where do they get the idea about penalizing? My amendment would provide that countries will not receive bounty from the American taxpayers for foreign aid if they do not "get right" with the United Nations on fiscal matters. The State Department came along and said that was a terrible thing, that if we are going to withhold foreign aid we shall be penalizing. That is a strange concept of penalty. So far as I am concerned, I do not believe that it is a concept which the average American taxpayer would like very much to hear. I, for one, believe that it is not a penalty. Call it pressure, if we wish, but it is pressure in behalf of a perfectly noble objective.

The nations to which we are extending foreign aid should have enough fiscal responsibility and integrity to support the United Nations. We come along with our national policy, which has been agreed to by administrations of both parties for years, saying that we support the United Nations, that we support the charter and the objectives of the United Nations. That is fine. With the right hand we do that, and then with the left hand we extend foreign aid to nations which undercut the United Nations because they do not pay their dues and assessments. I believe that it is about time for us to be consistent in our national policy with respect to the United Nations and our policy on foreign aid.

Mr. President, I yield the floor.

Mr. ALLOTT. Mr. President—

The PRESIDING OFFICER (Mr. MONTROYA in the chair). The Senator from Colorado is recognized.

Mr. ALLOTT. Mr. President, so far as I am concerned, Senators who wish to vote will have an opportunity to vote very quickly.

I voted against this amendment last year. While I am sympathetic to some of the basic purposes the Senator from Iowa wishes to accomplish, I shall vote against his amendment again.

Let me make two or three points relative to the amendment, which I believe are valid. The first is that the 1-year criterion placed in the amendment has no reasonable relationship to what is sought to be accomplished by the amendment. I would not vote for it for other reasons, even if it contained a 2-year criterion, but since we are talking about the assessments due the United Nations—and under article 19 the right to vote cannot be revoked until such time as they are 2 years delinquent—there is no reasonable relationship between what is sought to be accomplished here and the 1-year criterion placed in the amendment.

Even article 19 has in it certain escape hatches for countries who find themselves in unusual difficulty. This does not apply, at least in my mind, to the situation in which we find ourselves with respect to Russia, France, Belgium, and other countries which have refused to pay, particularly for peacekeeping operations.

Mr. President, I have coming into the Chamber shortly, which may or may not reach me before I complete my statement, two up-to-date tables on the arrearages in the United Nations based not only upon the regular assessments, but also upon the peacekeeping operations. I am sure that when the tables are studied, it will change the picture substantially, or at least will give those who read them a different concept of what the difficulty is.

Mr. President, I ask unanimous consent to have the tables printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Countries in arrears on regular U.N. budget as of Mar. 31, 1965

Afghanistan.....	\$3
Argentina.....	614,476
Bolivia.....	22,711
Brazil.....	1,281,105
Bulgaria.....	62,753
Burundi.....	84,006
Chad.....	3,980
Chile.....	239,651
Colombia.....	130,302
Congo (Brazzaville).....	32,934
Costa Rica.....	16,200
Dahomey.....	24,639
Dominican Republic.....	44,752
Ecuador.....	38,561
Haiti.....	39,878
Iraq.....	72,344
Israel.....	80,000
Italy.....	782,328
Laos.....	5,996
Liberia.....	32,934
Mauritania.....	16,130
Mongolia.....	23,501
Nepal.....	32,934
Nicaragua.....	44,000
Niger.....	2,441
Pakistan.....	140,000
Paraguay.....	37,819
Portugal.....	19,432
Rwanda.....	51,100
Senegal.....	51,156
Somali.....	45,165
Sudan.....	57,632
Syria.....	41,166
Togo.....	5,596
United Arab Republic.....	5,429
Upper Volta.....	25,753
Uruguay.....	102,064

Country	Article 19	UNEF	UNOC
Albania.....	\$12,520	\$39,830	\$43,602
Byelorussia U.S.S.R.....	164,205	585,080	1,357,881
Czechoslovakia.....	193,198	1,117,077	2,759,408
France.....	721,413		17,031,152
Hungary.....	715,779	546,271	995,024
Poland.....	239,515	1,616,863	2,466,010
Rumania.....	93,225	462,194	641,015
Ukraine.....	625,240	2,238,198	5,185,697
U.S.S.R.....	4,727,196	18,286,601	39,223,085
Cuba.....	207,900	222,474	260,259
Yemen.....	43,698	39,830	43,602
South Africa.....			1,503,337

Mr. ALLOTT. Mr. President, the second reason I cannot go along with the amendment is that we have a list of total U.S. aid. As the distinguished Senator from Iowa has pointed out—and rightfully so—in many instances the aid is as much as 50 times the amount of the United Nations assessment. The very ones who believe as the Senator from Iowa have repeatedly objected to the State Department putting any kind of string upon its aid to those countries, whether the aid was economic or military, because, it is said, if we are to give

them aid we are going to say, "But you must pay so much out of the aid toward full United Nations assessment, so that, in reality, the United States will be paying the United Nations assessment for that country."

This argument has been used over and over again. The same people who talk seriously and correctly about the incredible delinquencies in the United Nations have, at the same time, objected to this sort of limitation upon aid because, they say, it amounts to repaying the aid for that particular country.

Mr. MILLER. Mr. President, will the Senator from Colorado yield at that point?

Mr. ALLOTT. I am happy to yield to the Senator from Iowa.

Mr. MILLER. I hope the Senator does not infer that my amendment proposes to sanction the payment of dues and assessments by one of these nations out of our foreign aid to them. In my amendment, I try to make very clear, on page 2, that if these nations do not pay up, the President can still determine that such assistance should, nevertheless, be furnished, provided he gives Congress the determination, and accompanies it with reasons, including the assurance, if any, that the government of that country will pay up, independent of our foreign aid to that government.

I have no idea that my amendment would sanction payment of dues out of our foreign aid money.

Realistically, we could recognize that if one of our foreign aid projects is vital to the country, and by means of my amendment the country is relieved from going ahead on its own with respect to that project, then it would certainly be expected to have funds made available to pay some of its dues and assessments; but the direct and indirect approach of using our foreign aid to pay dues and assessments is not envisioned by my amendment.

(At this point Mr. Bass took the chair as Presiding Officer.)

Mr. ALLOTT. I thank the Senator from Iowa for his remarks, but let me assure him that I am not the least confused about what his amendment intends to do, or what it will do. Having read it, I feel very much satisfied that I understand what it provides. I am only trying to point out a few of the difficulties involved in this problem, some of which I do not believe the Senator from Iowa has considered.

The second point: There is, of course, great difficulty on the part of some nations to pay their United Nations dues, because the United Nations requires its payments to be made in dollars. This difficulty has risen over and over again.

The problem exists in Brazil, for example. I cannot give the Senate the latest figures on inflation in Brazil, but I am sure that it was at least 140 percent last year. Brazil has taken active steps to cut down the rate of inflation and hopes to hold it down to approximately 40 percent this year. This may sound fantastic to us, but for Brazil it is really an achievement.

Under those circumstances it is almost impossible for a country to develop any

practical dollar credits. This is one of the difficulties which is involved, not alone with Brazil, but also with respect to each of the countries on the list, even Russia. I say that because Russia has complained bitterly in the United Nations, as have all the Communist bloc countries, about the difficulty of generating dollar credits to pay U.N. assessments.

I am not beguiled by the statements of the Russians or by the Communist bloc in general, that they cannot generate enough dollar credits for their U.N. assessments. I do not believe it. Nevertheless, we face this argument, which has been used over and over again.

(At this point the lights in the Senate Chamber went out.)

Mr. MILLER. Mr. President, will the Senator yield?

Mr. ALLOTT. No.

Mr. MILLER. Can he shed some light on the subject? [Laughter.]

The PRESIDING OFFICER. The Senator has adequate light with which to perform his function. The Senate will continue with its business.

Mr. ALLOTT. In view of the circumstances, with the lights in the Chamber going out, I hesitated to yield, for fear of what the Senator from Iowa might say about the lights going out while I was speaking.

I call attention to the fact that what the amendment does, in effect, is to put a crimp on our ability to help our friends, either militarily or economically, throughout the world. Adoption of this amendment would not hurt Russia. It would not hurt the Communist bloc. It would not hurt Czechoslovakia or Albania or Poland or Hungary or Bulgaria or Rumania, or any of the rest of the Communist bloc, with the possible exception of Yugoslavia.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. ALLOTT. May I complete my statement? What the amendment would do, in effect, would be to make it impossible for us to help those countries that we believe need our help, both militarily and economically.

I yield, now, to the Senator from West Virginia.

Mr. RANDOLPH. I appreciate the fact that the Senator is willing to yield to me under these darkened circumstances. I do not wish to be facetious, and I hope that what I am about to say will not be misunderstood.

Mr. ALLOTT. May I interrupt the Senator? If he is about to refer to the lights going out, I decline to yield.

Mr. RANDOLPH. I wish to make an observation. In fact I share the viewpoint of the able senior Senator from Colorado in opposition to the pending amendment.

Mr. ALLOTT. The Senator may make his observation. I am being facetious, too.

Mr. RANDOLPH. Mr. President, during my first campaign for a seat in the House of Representatives, I campaigned in Morgan County. I was attempting to make a point at a political meeting at Paw Paw, a fine community in a then strong Republican county, when the

lights went out as they have in our Chamber today. I wondered what I might say under the distressing circumstances.

The PRESIDING OFFICER. The Senate will be in order.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RANDOLPH. The audience, perhaps, had not been too responsive. I tried to relieve the unusual situation by paraphrasing an old hymn, "Let the Lower Lights Be Burning." I said:

Let the lower lights be burning;
Send a gleam across the wave;
Some poor fainting, struggling Republican
I must rescue, I must save.

Just then the lights came on again. [Laughter.]

Mr. ALLOTT. I can only say that I am happy to have that little story. Obviously the Senator's affinity with the Lord must have been much closer then than it is now, because I do not see the lights going on this time.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. AIKEN. If the Senator was contemplating discussing our relationship with the rest of the world, particularly with southeast Asia and other areas, Congress has been working in the dark for so long that I do not think we should mind this interruption of the lights going out at this time. If we were permitted to have some light on what is going on, we would be able to legislate to better effect.

Mr. ALLOTT. I thank the distinguished Senator from Vermont.

I have been trying to avoid yielding to my colleagues in the Senate because I know that inevitably some of them would refer to the lights going out and to the Senate's convening in the dark. I have been trying to avoid it.

Mr. CLARK. Mr. President, will the Senator yield once more?

Mr. ALLOTT. I yield.

Mr. CLARK. I heard the comment of the Senator from West Virginia with respect to how he had the Lord put the lights on again. Our difficulty is that we must go to the Architect of the Capitol, and that will probably take a good deal longer. [Laughter.]

Mr. ALLOTT. I shall resume by making the second point that I wish to make, which is that the effect of this amendment, without any relation to any standard or criteria which can be accepted from the U.N., which would be 2 years, would keep us from giving effective economic and military aid to our friends.

I have been critical of our aid program many times. Yet I do not believe that this is the way to accomplish what is sought to be accomplished.

The third point I wish to make—and this is my last point—is that the question that is bothering my friend from Iowa and that bothers all of us is the financial situation of the U.N. But the question is, "Would this help the U.N.'s financial situation?"

I doubt it very much, because if the President feels that it is necessary to give aid to a country, he is sure to use the escape hatch, which I believe my friend

from Iowa rightfully put in his amendment. We cannot bind the hands of the President behind his back with a steel band, and expect him to provide military leadership and the leadership that this country should have in its world relationships.

The real problem, of course, is what do we do with Russia, particularly with respect to its peacekeeping assessments, which the International Court of Justice in June 1962, decided Russia owed the United Nations upon the same basis as regular assessments.

I do not have the answer to that question. However, I am sorry for one thing, and I must say it frankly. I have seen the degeneration of the will to fight in the United Nations and to support and enforce the principle that Russia and other delinquent countries must pay their assessments or lose their votes.

Everything we hear now, from the present Secretary General of the U.N., from all the people who are in the U.N., and from the recent committee, whose report I read in the newspapers this morning, seems to be, in effect, "We must give in. We must compromise." I cannot agree with this point of view.

I believe that the U.N. is as important to Russia as it is to us. They have us "buffaloed" into believing it is not.

I believe also that if the chips were down, and if Russia were forced to it, Russia would be as reluctant to dissolve the United Nations as this country would be.

However, I am concerned about the constant deterioration of the will and the courage, if I may say so, to fight this question out and fight it down to the final battle.

If we suffer defeat in the U.N. upon that principle, we would have to take such steps as we would be compelled to take. But, if we were to convince the rest of the world, particularly Russia, that we would fight this battle out to the bitter end—and this will be hard to do, in view of the recent vacillation—Russia would be as unwilling to do anything to wreck the U.N. as we would be.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. ALLOTT. I shall yield in a moment. If the purpose of the amendment is to force payments into the U.N., it will be an abortive attempt. What we should do is to pass a concurrent resolution, or even adopt a Senate resolution, expressing the overwhelming will of Congress or the Senate that our representatives in the U.N. fight this issue down to the last ditch and invoke article 19.

If we provide our State Department and our representatives in the U.N. with a Senate resolution or with a concurrent resolution adopted by an overwhelming majority, I am convinced that there will be a radical change of opinion on the part of some of the U.N. members who are talking freely about giving in to the Russians.

I yield to the Senator from Iowa.

(At this point the lights came on in the Senate Chamber.)

Mr. MILLER. — I share the Senator's determination that the United States

should stand firm with respect to article XIX. I have already spoken out in criticism of what appears to be some vacillation on that point. There has been a backsliding from a very firm position which was taken by our Ambassador, Mr. Stevenson, last year.

I do not believe we are apart on this point, but the Senator from Colorado might recognize that fact of political life in the United Nations which is reported by various knowledgeable people to be as follows: What good does it do for the Ambassador, Mr. Stevenson, to stand firm and demand a showdown on the question if we do not have the votes? I wonder how many of the 71 nations which are delinquent in the payment of their dues and assessments—71 out of 114 members—we could count on to vote with us to invoke article XIX to deprive those nations which are more than 2 years in arrears? My point is that the amendment that I have offered is calculated to encourage those 46 nations to whom our taxpayers are extending foreign aid to practice fiscal integrity and to become current in their payment of the dues and assessments. If they do so, I do not believe we shall have to worry about how the rollcall vote would go in the United Nations with respect to the invocation of article XIX as far as the Soviet Union is concerned. But now the report is that we do not have the votes. And small wonder when 71 of the 114 members of the United Nations are delinquent, of which 46 are recipients of our foreign aid.

Mr. ALLOTT. I thank the distinguished Senator for his remarks. But the answer to his question is this: The Senator asked, "What would happen to how many votes?" If they were convinced that it was the consensus of the Congress, the President and the State Department, that we meant business on rule XIX, I do not believe that those delinquent nations throughout the world would vote to dissolve the U.N., because that is what their vote would amount to. At sometime we must stand firm. We must show that we have as stiff a backbone and as much courage and good old Yankee horse-trading ability as they have. This is the time to do it. At the worst, there would be on every one of the countries which voted against us the responsibility for tearing the United Nations apart. But it would not be torn apart because when the chips were down they would join us.

I yield the floor.

Mr. MILLER subsequently said: Mr. President, the Senator from Colorado [Mr. DOMINICK] raised a question regarding the status of China with respect to arrearages to the United Nations, and, I believe, stated his best information was that China was not in arrears. I point out that we have checked this afternoon with the State Department, which in turn contacted the United Nations. The report we have received is that the figures contained in my tabular sheets which are part of the record are completely accurate. I believe there

is a misunderstanding because China is current in her dues, but is delinquent in assessments. I point out that the escape clause was inserted, having China primarily in mind, because this is one country with respect to which we expect the President to exercise his discretion in providing exemptions.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa [Mr. MILLER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Virginia [Mr. BYRD], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from Tennessee [Mr. GORE], and the Senator from Louisiana [Mr. LONG] are absent because of an electrical failure in the vote notification system.

I further announce that the Senator from Florida [Mr. SMATHERS] and the Senator from West Virginia [Mr. BYRD] are necessarily absent.

I further announce that, if present and voting, the Senator from Washington [Mr. MAGNUSON] would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Louisiana would vote "nay."

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Tennessee would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from Vermont [Mr. PROUTY], and the Senator from California [Mr. MURPHY], are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

If present and voting, the Senator from California [Mr. MURPHY] would vote "yea."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Kentucky would vote "nay."

The result was announced—yeas 27, nays 59, as follows:

[No. 112 Leg.]

YEAS—27

Bennett	Gruening	Russell, S.C.
Bible	Hill	Russell, Ga.
Cannon	Holland	Scott
Curtis	Hruska	Simpson
Dirksen	Jordan, Idaho	Stennis
Eastland	McClellan	Talmadge
Ellender	Miller	Thurmond
Ervin	Morse	Tower
Fannin	Robertson	Young, N. Dak.

NAYS—59

Aiken	Hickenlooper	Moss
Allott	Inouye	Mundt
Anderson	Jackson	Muskie
Bass	Javits	Nelson
Bayh	Jordan, N.C.	Neuberger
Boggs	Kennedy, Mass.	Pastore
Brewster	Kennedy, N.Y.	Pell
Burdick	Kuchel	Proxmire
Case	Lausche	Randolph
Church	Long, Mo.	Ribicoff
Clark	Mansfield	Saltonstall
Cooper	McCarthy	Smith
Cotton	McGee	Sparkman
Dodd	McGovern	Symington
Dominick	McIntyre	Tydings
Douglas	McNamara	Williams, N.J.
Fong	Metcalf	Williams, Del.
Fulbright	Mondale	Yarborough
Harris	Monroney	Young, Ohio
Hartke	Montoya	

NOT VOTING—14

Bartlett	Hart	Murphy
Byrd, Va.	Hayden	Pearson
Byrd, W. Va.	Long, La.	Prouty
Carlson	Magnuson	Smathers
Gore	Morton	

So Mr. MILLER's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING obtained the floor.

Mr. FULBRIGHT. Mr. President, the Senator from New York wishes to introduce a bill and make a brief statement. I hope the Senator from Alaska will permit him to do so.

Mr. GRUENING. I yield for that purpose.

Mr. JAVITS. Mr. President, my colleague from New York and I have jointly sponsored a series of bills dealing with narcotics addiction which we propose to introduce. May I ask the Senator from Alaska to indulge us? I know he has a substantial speech to make. Senator KENNEDY is not quite ready. Will the Senator from Alaska, at some time convenient to him in the course of his speech, yield us 5 minutes?

Mr. GRUENING. Certainly.

AMENDMENT NO. 220

Mr. President, I call up my amendment No. 220. I ask that the reading of the amendment be dispensed with, and I ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, strike out lines 3 to 12, inclusive.

On page 3, line 13, strike out "(b) Amend section 205" and insert in lieu thereof the following: "Sec. 102. Section 205 of the Foreign Assistance Act of 1961, as amended".

On page 3, line 14, after the comma insert "is amended".

On page 4, strike out lines 12 to 17, inclusive, and insert in lieu thereof the following: "by striking out '1965' and '\$215,000,000' and substituting '1966' and '\$210,000,000', respectively."

On page 4, strike out lines 22 to 25, inclusive, and insert in lieu thereof the following:

"(2) Amend subsection (c) by striking out '1965, \$18,000,000' and substituting '1966, \$7,000,000'."

On page 5, line 19, strike out "1968" and insert in lieu thereof "1967".

On page 8, line 19, strike out "1968" and insert in lieu thereof "1967".

On page 8, beginning with line 20, strike out through line 2 on page 9.

On page 9, line 4, strike out "SEC. 106" and insert in lieu thereof "SEC. 105".

On page 9, strike out lines 6 to 13, inclusive, and insert in lieu thereof the following: "is amended by striking out 'and \$85,000,000 in fiscal year 1965' and substituting ' \$85,000,000 in fiscal year 1965, and \$70,000,000 in fiscal year 1966'."

On page 9, line 16, strike out "SEC. 107" and insert in lieu thereof "SEC. 106".

On page 10, lines 6 and 7, strike out "each of the fiscal years 1966 and 1967" and insert in lieu thereof "the fiscal year 1966."

On page 10, line 11, strike out "SEC. 108" and insert in lieu thereof "SEC. 107".

On page 10, strike out lines 13 to 19, inclusive, and insert in lieu thereof the following: "amended by striking out '1965' and '\$405,000,000' and substituting '1966' and '\$350,000,000', respectively."

On page 10, line 21, strike out "SEC. 109" and insert in lieu thereof "SEC. 108".

On page 10, line 24, beginning with the word "each" strike out through line 2 on page 11 and insert in lieu thereof the following: "the fiscal year 1966, not to exceed \$50,000,000."

On page 11, line 12, strike out "each of the fiscal years 1966 and 1967" and insert in lieu thereof "fiscal year 1966".

On page 11, line 13, strike out, "which".

On page 11, line 14, strike out "in each such fiscal year, which sums".

On page 14, line 10, strike out "years 1966 and 1967" and insert in lieu thereof "year 1966".

On page 14, lines 12 and 13, strike out "each of the fiscal years 1966 and 1967" and insert in lieu thereof "the fiscal year 1966".

On page 14, line 19, strike out "years 1966 and 1967" and insert in lieu thereof "year 1966".

On page 14, strike out lines 20 and 21.

On page 18, line 22, strike out "June 30, 1967" and insert in lieu thereof "December 31, 1966".

On page 21, line 1, beginning with the word "inserting" strike out through "1967" in line 2 and insert in lieu thereof the following: "substituting 'for the fiscal year 1966 not to exceed \$55,240,000'".

Mr. GRUENING. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that the Senator from Alaska may yield to me without losing his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Texas is recognized.

CURTAILMENT OF BEEF IMPORTS WHEN THERE IS DANGER OF FOOT-AND-MOUTH DISEASE INFESTATION

Mr. TOWER. Mr. President, on January 12, Canada announced a proposal to import breeding livestock from some European countries where foot-and-mouth disease exists. Certain safeguards and quarantine measures are planned for

these livestock, but the serious danger exists that this plan will transmit foot-and-mouth disease to the U.S. cattle population.

The Department of Agriculture is working with the Canadians to assure the best possible supervision of these quarantine regulations, but the plans thus far made are not sufficient to ameliorate the great risk being taken.

Under existing agreements between the United States and Canada, the cattle coming into Canada from nations where foot-and-mouth disease exists could enter the United States after 60 days in Canada.

Many cattlemen have expressed to me their deep concern about this possibility and I fully share their views. The introduction of foot-and-mouth disease to the United States via this route would be nothing short of a disaster for cattleman and consumer alike.

Accordingly, I submit a resolution providing that, if Canada does, indeed, go through with this unwise plan to import livestock from countries where foot-and-mouth disease is prevalent, no importation of breeding cattle from Canada to the United States shall be permitted.

This is a drastic safeguard, Mr. President, and one which I hope it will never be necessary to implement. But, I do believe this Senate should take this method of impressing upon Canada the gravity with which we view this situation.

I ask that the resolution be printed at this point in the Record:

The PRESIDING OFFICER. The resolution will be received and appropriately referred; and, without objection, the resolution will be printed in the Record.

The resolution (S. Res. 111) was referred to the Committee on Agriculture and Forestry, as follows:

S. RES. 111

Whereas the United States Department of Agriculture has under consideration its agreement to a Canadian proposal to allow importation into Canada of cattle from nations where foot-and-mouth disease is not controlled; and

Whereas foot-and-mouth disease is controlled in the United States; and

Whereas subsequent importation into the United States via Canada of cattle and breeding stock from nations where foot-and-mouth disease prevails would seriously endanger and damage American cattle: Now, therefore, be it

Resolved by the Senate of the United States of America, That no importation of breeding stock cattle from Canada into the United States shall be permitted during any part of any year in which Canada permits entry into its country of any cattle or breeding stock from nations in which foot-and-mouth is prevalent and is not controlled.

Mr. MORSE. Mr. President, will the Senator from Alaska permit the Senator from Texas to yield to me?

Mr. GRUENING. Mr. President, I do.

Mr. MORSE. Mr. President, I state to the Senator from Texas that I am delighted he has made the statement he has with regard to the serious problem that is pending in connection with the Canadian policy of importation of livestock.

The senior Senator from Oregon has been at work for some time past on a

major speech, if it becomes necessary to deliver it, dealing with this particular problem. As the Senator knows, I believe in careful research in a matter such as this, and I believe also in giving our Department of Agriculture an ample opportunity to take an official position in regard to a matter. I shall not indicate, as of now, my feelings in regard to the responses I have obtained to date from the U.S. Department of Agriculture.

I believe it is proper for me to say at this time—and I shall develop the subject at some length when I deliver my speech, unless rectifying action is taken in the meantime—that, in my judgment, Canada has yet to provide the safeguards that cattlemen in both Canada and the United States are entitled to receive by way of protection from the danger of importing not only livestock, but also some of the most ravaging livestock diseases that can plague a country, including the hoof-and-mouth disease and other diseases that would cost millions of dollars if an epidemic were to start. Such a disaster would involve both the United States and Canada.

I have been withholding comment on this matter. I shall withhold any further comment for the time being, except to say that I join the Senator from Texas in raising today—a flag of warning to the Canadian Government and to the U.S. Department of Agriculture.

We had the experience not so many years ago of an outbreak of the hoof-and-mouth disease in Mexico. That outbreak jeopardized the livestock industry along our southern border, and of course, it could have spread to every State of the Union. The record will show that we spent huge sums of money in Mexico in order to help Mexico eradicate the danger of that epidemic. At great cost, the outbreak of that disease was at least kept within Mexico.

I say most respectfully from the floor of the Senate this afternoon to the Canadian Government that the Canadian Government must assume responsibility for following a course of action which has this potential danger in it and that the Canadian Government would not be acting as a good neighbor if it were to proceed with the policy of importation which has thus far been announced by the Canadian Government without safeguards in the program. Neither the Canadian cattlemen nor the cattlemen of the United States have thus far been given assurance of any proposed safeguards.

The Canadian cattlemen are as concerned as are the cattlemen of the United States in regard to the potential danger.

Mr. TOWER. Mr. President, I express my thanks to the distinguished Senator from Oregon, who is himself a successful cattle breeder. I believe that he understands this problem very well.

I believe that the Senator is absolutely correct when he states that our principal purpose is to raise a flag of warning to the Canadian Government. I hope that what we do in introducing the measure will serve as a stimulus to the Canadian Government and have

them pay more attention to the problem and thus come up with appropriate decisions that would safeguard the cattle industry of both Canada and the United States.

I hasten to say that the importation of cattle for breeding purposes has been a great boon to this country. Indeed, our own great domestic cattle industry has been a result of the importation of good breeding stock from countries abroad. We have no desire to inhibit the importation of good breeding stock for the purpose of improving our breeds in this country. However, we do not want to introduce what the Senator from Oregon calls ravaging diseases which could decimate our cattle population in this country.

Mr. MORSE. Mr. President, if the Senator from Texas would permit it, I should like to associate myself with his resolution.

Mr. TOWER. Mr. President, I am delighted to have the senior Senator from Oregon as a cosponsor to my resolution.

FAILURE OF ELECTRICAL SYSTEM CAUSES LACK OF NOTICE TO SENATORS OF YEA-AND-NAY VOTE

Mr. MANSFIELD. Mr. President, will the Senator yield to me without losing his right to the floor?

Mr. GRUENING. Mr. President, I shall yield first to the Senator from Montana and then to the Senator from New York.

Mr. MANSFIELD. Mr. President, as the Senate well knows—at least Senators who were in the vicinity of the Chamber—just prior to the vote on the last amendment the lights in the Chamber went out for a period of 10 or 15 minutes.

I believe that it was as a result of this electrical failure that a number of Senators were not notified of the ye-and-nay vote. The bells were not ringing on the electrical circuit. Therefore, Senators were unaware, because of the failure of the warning system which has been set up to be of service to them, that a vote was in progress.

I refer specifically to the distinguished senior Senator from Tennessee [Mr. GORE] and the distinguished junior Senator from Louisiana [Mr. LONG], and probably other Senators, who, because of the malfunctioning in the electrical system, were not given the adequate warning which is their due.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. The majority leader has correctly stated the situation. No bell rang in my office, where I was conferring with a constituent. I was notified by telephone that a rollcall was underway, but although I hastened to the floor, the rollcall had been completed. The Senator from Louisiana [Mr. LONG] told me he had a similar experience.

Due to an electrical failure beyond the control of Senators, I ask unanimous consent that the junior Senator from Louisiana [Mr. LONG] and the senior Senator from Tennessee [Mr. GORE] be recorded on the rollcall as having voted in the negative, and that other Senators

who may have missed the rollcall because of the electrical failure be so permitted to be recorded.

The PRESIDING OFFICER (Mr. MONTOYA in the chair). Under the rules, the Chair is prohibited from entertaining a unanimous-consent request that a Senator be permitted to vote after the vote has been announced. That is rule XII. The Senator's request is out of order.

Mr. MANSFIELD. Mr. President, if the Senator will still yield, I would also like to suggest to the Senate at this time that during the course of a rollcall vote the well of the Chamber be cleared of all persons not involved in the conduct of that vote, because it is impossible on occasion for the clerk to hear the responses of Senators when their names are called. I hope this procedure will be followed. Of course, if there are extenuating circumstances, they will be given consideration, and a Senator will be given every possible courtesy, but I think it would be a good rule for the Senate to follow.

ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in adjournment until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO MEET TOMORROW MORNING

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may meet during the morning tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, does that include the morning hour?

Mr. MANSFIELD. I understand a Senator has a speech to make which will take up most of the 2 hours.

LEGISLATION TO COMBAT NARCOTICS ADDICTION

Mr. GRUENING. Mr. President, I yield to the Senator from New York, without losing the floor.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may introduce two bills, and then yield to my colleague from New York [Mr. KENNEDY], and to the Senator from New Jersey [Mr. CASE].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, pursuant to prior agreement with the Senator from New York [Mr. KENNEDY], we are introducing a series of bills to deal with the narcotics addiction problem.

I send to the desk out of order and ask unanimous consent that there be referred two of the four bills.

These measures are part of a four-bill series of legislative proposals on this subject of vital importance to our urban areas, which I am most pleased to intro-

duce jointly with my colleague from New York [Mr. ROBERT F. KENNEDY], along with a bipartisan group of cosponsors, including Senators CASE, ERVIN, HART, KUCHEL, TYDINGS, and WILLIAMS of New Jersey, who are cosponsoring all four bills; Senator SALTONSTALL, who is cosponsoring the two involving civil commitment and sentencing of narcotics addicts; Senator SCOTT, who is cosponsoring the civil commitment bill, and Senator LONG of Missouri, who is cosponsoring the two medical treatment bills.

Also introducing the measures in the House of Representatives are Congressmen REID AND LINDSAY, of New York, who have long championed such an enlightened approach to this subject in the other body, along with Congressmen BELL, DELANEY, MATHIAS, McCULLOCH, OTTINGER and SPRINGER, CELLER, FARBERSTEIN, and RYAN of New York.

In addition, Congressmen HARRIS and MILLS are introducing some but not all of the measures.

The bills introduced today would:

First. In lieu of criminal prosecution, authorize the pretrial civil commitment, for medical treatment and probationary aftercare, of those charged with narcotics offenses, except for sale with intent to resell, along the lines of the pioneering New York State law. I am the principal sponsor of this bill.

Second. Modify the harsh present postconviction sentencing restriction, so that the Federal courts can use parole, probation, and suspension of sentence as tools to rehabilitate convicted defendants, particularly youthful offenders who are addicts, along the lines of techniques first used in California. Senator KENNEDY is the principal sponsor of this bill.

Third. Establish a Federal-State two-thirds, one-third matching grant program to provide a wide range of services, job training, family counseling, and psychiatric treatment to ex-addicts to enable them to reenter the community. Senator KENNEDY is the principal sponsor of this bill.

Fourth. Create a Federal-State two-thirds, one-third matching grant plan for the construction or acquisition of needed facilities for medical treatment, especially outpatient clinics for the crucial period of aftercare and adjustment of those who have been taken off narcotics. I am the principal sponsor of this bill.

These measures are the outgrowth of my concern with this problem as attorney general of the State of New York and of a series of bills which I introduced for a number of years along with my former colleague, Senator Kenneth B. Keating. The purpose of this legislation, like that of the measures we introduced in the past, is at last to bring the Federal Government in a position to deal effectively and in modern terms with the grave national problem of narcotic and drug abuse. It is my earnest hope that after years consumed in studies and restudies, conferences and panel discussions, the Congress will recognize that the time for action is now.

sary to enable him to carry out the provisions of this Act. Such regulations shall include, among others, provisions prescribing—

(1) general standards of construction for any such facility the construction of which is financed at least in part from a grant under this Act; and

(2) the kinds of facilities and services needed to provide adequate treatment and rehabilitation for drug abusers.

(b) The regulations referred to in subsection (a) may include provisions requiring that (1) before approval of any application for a project pursuant to a State plan is recommended by any Agency, an assurance shall be received, by the State filing such plan, from the applicant that a reasonable volume of treatment and rehabilitation services for drug abusers shall be made available to such drug abusers who are unable to pay for such services.

SEC. 4. (a) After the regulations referred to in section 3 have been issued, any State desiring to secure financial assistance under section 2 of this Act shall submit a State plan for carrying out the purposes of such section. Such plan must—

(1) set forth a program for construction of facilities for the treatment and rehabilitation of drug abusers which conforms with the regulations prescribed under section 3;

(2) designate a single State agency (referred to in this Act as the "Agency") as the sole agency for supervising the administration of the plan;

(3) contain satisfactory evidence that the Agency will have authority sufficient to carry out such plan in conformity with this Act;

(4) provide such methods of administration of the State plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods), as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

(5) provide that the Agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

(6) provide for affording to every applicant for a grant for a project pursuant to a State plan an opportunity for hearing before the Agency;

(7) provide that the State will from time to time, but not less often than annually, review its State plan and submit to the Secretary any modifications thereof which it considers necessary.

(b) Any State desiring to submit a State plan as provided under subsection (a) shall submit such plan as a separate and distinct part of its State mental health plan submitted to the Public Health Service by the State's mental health authority in accordance with title III of the Public Health Service Act.

(c) The Secretary may approve any State plan (and any modification thereof) which is in substantial conformity with the provisions of subsection (a). The Secretary shall not finally disapprove a State plan except after reasonable notice and opportunity for a hearing to the State.

SEC. 5. (a) Any State, political subdivision thereof or nonprofit organization desiring to secure financial assistance under this Act for any project for the construction of facilities for the treatment and rehabilitation of drug abusers pursuant to an approved State plan shall submit, through the Agency, an application for a grant under this Act to assist it in carrying out such project. If any

State, one or more political subdivisions thereof, or one or more nonprofit organizations jointly participate in any such project, the application may be filed by one or more of the participants. The application shall set forth—

(1) a description of the site for such project;

(2) plans and specifications for such project in accordance with the regulations prescribed by the Secretary under subsection (a) of section 3 of this Act;

(3) reasonable assurances that title to such site is or will be vested in one or more of the applicants filing the application;

(4) reasonable assurances that adequate financial support will be available for the construction of the project and for its maintenance and operation when completed;

(5) reasonable assurances that the applicant will meet the requirements, if any, for furnishing treatment and rehabilitation services to drug abusers who are unable to pay for such services;

(6) such other information and assurances as the Secretary may, by regulation, require; and

(7) reasonable assurances that all laborers and mechanics employed by contractors or subcontractors in the performance of work on construction of the project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5); and the Secretary of Labor shall have with respect to the labor standards specified in this paragraph the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 1332-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(b) The Secretary may approve any application filed under this section if he finds that the application (1) is in substantial conformity with subsection (a) of this section and all applicable regulations issued pursuant to this Act; (2) is in substantial conformity with the State plan approved under section 4 of this Act; and (3) has been approved and recommended by the Agency. No application filed pursuant to this section shall be disapproved by the Secretary until he has afforded the applicant an opportunity for a hearing. Any amendment of an application approved under this Act shall be subject to approval in the same manner as the original application.

SEC. 6. The payment of any grant to a State, political subdivision, or nonprofit organization under this Act may follow the approval by the Secretary of the application of such State, subdivision or organization. Any grant made pursuant to this Act for the construction of a project in any fiscal year shall include such amounts as the Secretary determines to be necessary in succeeding fiscal years for completion of the Federal participation in the project as approved by him. Payment of a grant may be made in advance or by way of reimbursement, and in such installments as may be determined by the Secretary, and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this Act. Amounts paid under this Act with respect to any project for the construction of a facility shall not exceed two-thirds of the construction costs of such facility as determined by the Secretary.

SEC. 7. Whenever the Secretary, after reasonable notice and opportunity for hearing to the Agency, finds—

(1) that the Agency is not complying substantially with the provisions required by subsection (a) of section 4 to be included in its State plan, or with regulations under this Act;

(2) that any assurance required to be given in an application filed under subsection

(a) of section 5 is not being or cannot be carried out; or

(3) that there is a substantial failure to carry out plans and specifications approved by the Secretary under section 5; the Secretary may forthwith notify such Agency that no further payments will be made under this Act for any project or projects designated by the Secretary as being affected by the action or inaction referred to in paragraph 1, 2, or 3 of this subsection; and, except with regard to any project for which the application has already been approved and which is not directly affected, further payments in connection with such State plan may be withheld, in whole or in part, until there is no longer any failure to comply (or to carry out the assurances or plans and specifications, as the case may be) or, if such compliance (or other action) is impossible, until the State repays or arranges for the repayment of Federal moneys to which the recipient was not entitled.

SEC. 8. If any facility with respect to which funds have been paid under this Act shall, at any time within twenty years after completion of its construction—

(1) be sold or transferred to any nonpublic organization; or

(2) cease to be used for the purposes for which it was constructed, unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant from the obligation to continue such facility for the purpose of providing treatment for drug abusers;

the United States shall be entitled to recover from the recipient of such funds an amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of the facility.

SEC. 9. If any recipient of a grant under this Act is dissatisfied with any action taken by the Secretary under section 4(c), 5(b), 7, or 8 of this Act, such recipient may appeal to the United States court of appeals for the circuit in which such recipient is located, by filing a petition with such court within sixty days after such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside his order. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the court, operate as a stay of the Secretary's action.

SEC. 10. (a) The Secretary is authorized to appoint such technical or other advisory committees as he deems necessary to advise

him in connection with carrying out the provisions of this Act.

(b) Members of any such committees not otherwise in the employ of the United States, while attending meetings of their committee, shall be entitled to receive compensation at a rate to be fixed by the Secretary, but not exceeding \$75 per diem, including travel time; and while away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

SEC. 11. As used in this Act, the term—

(1) "State" shall include the District of Columbia;

(2) "drug abuser" means any person who repeatedly uses, on a periodic or continuous basis, for their psychotoxic effects alone and not as therapeutic media prescribed in the course of legitimate medical treatment, any drug or drugs capable of altering or affecting, to a substantive degree, the consciousness, mood, motivation, or critical judgment of an individual, or the psychomotor coordination or the perception of the auditory or visual sense of an individual. Such drugs shall include, without limitation thereto, the opiates, cocaine, marihuana, barbiturates, and amphetamines, but shall not include alcohol;

(3) "facilities" means buildings or other facilities which are operated for the primary purpose of assisting in the treatment and rehabilitation of drug abusers by providing, under competent professional supervision, detoxification or other medical treatment, physical therapy, family counseling, psychotherapy, vocational training, help in finding employment, or other services. The term "facilities" shall include, among others, facilities for medical care, laboratories, community clinics, halfway houses, sheltered workshops, and camps;

(4) "construction" includes the creation of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings, and payment of architect's fees. The term "construction" does not include the cost of off-site improvements and acquisitions of land.

Mr. JAVITS. Mr. President, I yield now to my colleague, the Senator from New Jersey [Mr. CASE].

Mr. CASE. Mr. President, I am happy to join with my colleagues from New York and several other States in sponsorship of this legislation to advance our battle against the tragedy of narcotics addiction.

Far too many of our citizens are the victims of this terrible fate; far too much time has passed without the achievement of lasting results in the campaign against this age-old affliction.

It is my belief that if these bills can be enacted we can make important strides in the direction of returning thousands of addicts to normal, useful lives.

I am particularly pleased that these measures have recognized the work being done by private, nonprofit organizations in the field of treatment. By providing these organizations with working capital to continue and improve their efforts we will be assured of both balance and additional strength in this good fight.

But I would emphasize that treatment is not the last step in the rehabilitation of the narcotics addict. The type and quality of aftercare are crucial. Here we have something less than a spectacular record. According to available

estimates the relapse rate of drug addicts has ranged up to 90 percent. The chief problem seems to be in the addict's difficulty, after release from a hospital or rehabilitation center, in making a successful adjustment to his social environment.

One of the important purposes of our legislation is to deal with this particular phase of the problem and it is my hope that the committees which take up these bills will give it the most careful attention.

Mr. JAVITS. Mr. President, may I express our joint gratitude to the distinguished Senator from New Jersey.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

ABSOLUTE NECESSITY FOR ANNUAL REVIEW AND AUTHORIZATION OF AID PROGRAM

Mr. GRUENING. Mr. President, amendment No. 220, while seemingly technical in form, is simple in substance. It relates to the period of time for which authorizations would be approved for the foreign aid program.

As reported by the Senate Committee on Foreign Relations, S. 1837 provides for a 2-year authorization. The companion measure in the other body—H.R. 7750—continues the practice, heretofore unbroken, of annual reviews of the program and of annual authorizations.

My amendment continues past precedents and brings the Senate bill in line with the House version.

It does no more than that.

I agree with that portion of the Senate committee's report which states:

The committee this year approached the foreign aid bill with something close to a consensus on three basic points: first, that some kind of foreign assistance program is essential to the national interests of the United States; second, that there is a great deal of profound dissatisfaction with the program conducted under the Foreign Assistance Act of 1961, as amended; and, third, that the Congress has a clear duty to perform in providing policy guidance in the field of foreign relations, including the aid program.

However, I cannot agree that Congress is performing its duty by admitting that the foreign aid program needs "policy guidance" from the Congress, while at the same time freeing the foreign aid program from congressional review for 2 years.

True, the bill before us contains the so-called Morse amendment, calling for the termination of the program in 2 years and for a review of the program and the formulation of a new approach by a select committee during that period.

I cannot see why the Morse amendment necessitates a 2-year authorization of the program any more than the formation of the Clay Committee did over 2 years ago.

In years past, we have seen this same approach used at the time the foreign aid bill was before the House and Senate.

Repeatedly we have been told: Just authorize the foreign aid program for 1 more year. Next year, things will be different. Next year, we will come up to

the Hill with a new program—with a new approach.

When the next year came around, we had the same old program, with the same old pleas for 1 more year and the same old promise of a new approach next year.

This year, something new has been added.

Now the plea is made that the administration needs a 2-year authorization to find the new approach—2 more years to find the new look.

I cannot distinguish this new plea from the old pleas in years gone by.

What is likely to happen if we grant this newest plea?

Before June 30, 1966, if the Morse amendment is agreed to—there will be a report submitted to the President by the select committee provided for in that amendment. That report will have to be studied. The more than 22 Federal agencies involved in one way or another in our foreign assistance program will be asked to comment on the report. Ways will have to be found in which the report can be implemented both legislatively and administratively. Then by June 30, 1966, the President will submit his recommendations to Congress which will hold hearings on the recommendations. By then, I predict it will be June 1967, with a request for a 2-year extension so that all the implications, involvements and effects upon ongoing foreign aid programs can be studied.

Of course, when we face up to the question again in 1969, the 1967 report will by then, in this ever faster-moving world, be outdated and a fresh study will have to be made.

I have heard all this before.

On October 28, 1963, at the time of the long and well-remembered debate in the Senate on the foreign aid authorization for fiscal year 1964, the able and distinguished chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT] stated:

At the same time, I would urge the administration not to delay embarking upon a full-scale reexamination of foreign aid requirements before the next session of Congress, which is approaching at alarming speed.

The report of the Committee on Foreign Relations on the bill then before us expressed the same hope in these words:

Nevertheless, the committee believes that major changes remain to be made in the foreign aid program. In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been revamped in major respects. (S. Rept. No. 588, Oct. 22, 1963.)

The Senate did not heed these long-familiar words then. It proceeded to adopt amendments to the foreign aid bill and to authorize only a 1-year extension of the program.

I hope that the Senate does the same thing this year and again fails to heed the alluring words of temptation that a new look will be forthcoming if the program is extended for 2 years.

I greatly fear that this is but another attempt to avoid oversight of the program by the Congress, even as the attempt is made in other parts of the bill—as I shall point out when I call up some of my other amendments—to turn over the program to multilateral institutions over which Congress exercises no control.

The reluctance of the administrators of our foreign aid program to this annual scrutiny of the program by the Congress is well known, just as is their equally strong reluctance to submit to other congressional controls over that program.

It is my opinion that this reluctance on the part of the foreign aid program's administrators to share the direction of the program's purposes and policies with the Congress on a coequal basis, as well as their shrouding the entire program in a blanket of oppressive and unnecessary secrecy, account in good measure for the lack of support of the program both in Congress and among the people of the United States.

An annual review of a program as far-reaching as our foreign assistance program can be most salutary and, rather than being resisted, should be welcomed by the executive branch.

We must be entirely realistic about the greatly increased burdens born by each Senator, by each Representative, and by each committee and subcommittee of Congress. In the flurry of other activities, the only way in which the foreign aid program would receive an annual review by the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs is through the utilization of a device such as annual authorizations.

It has been said that annual authorizations thwart long range, efficient planning.

This just is not so.

In the first place, we are dealing here with authorizations, not appropriations. In any sort of planning by AID—as well as by most of our domestic programs—any commitment must be subject to the appropriation of funds for the purpose. It is not an unknown phenomenon for programs to be authorized at one level and then funded at a much lower level—or not funded at all.

Thus, even if the recommendation of the Senate Foreign Relations Committee is agreed to, and the foreign aid program were to be authorized at the rate of \$3.3 billion a year for a 2-year period, the AID administrators have no assurance that the Appropriations Committees of each body would recommend the appropriation of such a sum, either for this year or next.

There is no assurance of funds in an authorization act for either the foreign aid program or for any domestic program.

In the second place, the foreign assistance act requires long-range planning and many, if not all, of the countries aided under the foreign aid program have their 3-year plans, their 5-year

plans or their 10-year plans. AID has assisted in the development of those plans.

There is no dearth of planning under the foreign aid program.

This is in accordance with the requirement of the Foreign Assistance Act itself which states:

Assistance shall be based on sound plans and programs.

The Charter of Punta del Este provides:

Participating Latin American countries agree to introduce or strengthen systems for the preparation, execution, and periodic revision of national programs for economic and social development consistent with the principles, objectives, and requirements contained in this document. Participating Latin American countries should formulate, if possible within the next 18 months, long-term development programs.

In the third place, it is said that it is extremely difficult to recruit able personnel if the program is on a year to year authorization basis.

This just is not so.

As I have already stated, even a permanent authorization for the AID program would be no assurance that the level of the appropriations made from year to year would remain constant. The AID administration—like any other Federal agency—is subject to annual appropriations. Some years, those appropriations will enable AID to recruit additional employees—in other years the appropriation level may be such as to result in reduction-in-force notices being sent out.

That is common to all Federal departments and agencies. There is no such thing in Federal employment as an absolute right to a job—that right is always dependent on the appropriation of funds to run the department or agency.

As for AID contract employees, in the detailed report I filed with the Senate Committee on Government Operations concerning my study of U.S. foreign aid in 10 Middle Eastern and African countries. I cite many instances of contracts made on a longer than 1-year basis—subject, of course, to the appropriation of funds. This is done constantly in the technical assistance program.

In the fourth place, if the recruitment argument is advanced as a reason for an authorization for a period longer than 1 year, on the ground that capable men and women cannot be recruited because they fear that the foreign aid program will be out of business at the end of the year, then I say that the AID program should reexamine its recruitment policies to find out why they are not working.

The foreign aid program will be with us for a long, long time unless—and this is an important unless—unless through faulty administration, waste, duplication, and general mismanagement the AID program becomes anathema to the American people. And that day may be here sooner than the AID administrators think if there is continued waste in the program.

It is entirely obvious that using the fact that authorizations are annual argument to excuse careful planning and execution of the foreign aid program is a

subterfuge in an attempt to avoid an annual review of the program by the Congress.

The report of the Senate Committee on Foreign Relations indicates the committee itself was reluctant to take the step of recommending a 2-year authorization for the foreign aid program. It did so apparently because it had adopted the Morse amendment terminating the program at the end of the 1967 fiscal year and calling for new program recommendations. The Foreign Relations Committee stated it acted thus because:

Under the circumstances, then, the committee is approving for a 2-year period the program requested by the President. In view of the widespread criticism of the existing foreign aid programs, this action may be queried by those strongly opposed to the program. The main point here is that intolerable confusion would result if Congress tried in 1966 to review an annual foreign aid program in the traditional format at the same time it was planning a future program. This bill provides that the current program is to end June 30, 1967. The President is to submit his proposals for a new program by July 1, 1966, so that Congress will have ample time to consider them before the cutoff date. Within the guidelines set forth in part IV of the bill, the committee maintains an open mind as to the results of the inquiry provided for.

This approach is unrealistic.

It will be widely misinterpreted in the capitals of the free world and exploited in the Communist world.

The malaria eradication program to be begun next month in country X and slated to take 3 years for completion will not end on July 1, 1967. We all know that. Why tell the world differently so it can be exploited by our enemies abroad.

Do we expect AID technical assistance experts in every country where such assistance is now being given to begin immediately to look for new assignments beginning July 1, 1967.

Of course not.

We are equally unrealistic to assume that we will be believed in our pronouncement that the Public Law 480 program will be ended on July 1, 1966.

But the adoption of the committee's provision for ending the program on a date certainly is likely to cause just such confusion.

The foreign aid program is confused enough without the Congress further adding to the confusion.

I appreciate fully the frustration of the members of the Senate Committee on Foreign Relations. Two years ago the committee warned AID to come up with a completely revamped program. The committee in its report stated:

Nevertheless, the committee believes that major changes remain to be made in the foreign aid program. In fact, the committee gave serious consideration to an amendment which would have terminated the program in its present form June 30, 1965, so that both the Congress and the administration could consider a major reorganization and reorientation of the program prior to that date. The committee refrained from adopting this amendment in the expectation, which it hopes will not prove unjustified, that the administration will submit a fiscal year 1965 program to Congress which has been re-

vamped in major respects. (S. Rept. No. 588, Oct. 22, 1963.)

That has not been done.

The committee having jurisdiction in the Congress for oversight over foreign policy matters and how foreign aid programs should be carried out should insist upon the fulfillment of its request. Ending the foreign aid program on a date certain is definitely not the way to enforce the committee's request for a revamped program—much as I can understand the committee's annoyance at this bland disregard of its request.

Consider also the timing under the committee's proposal.

The report by the President containing his proposals for a new program is to be submitted by July 1, 1966, less than 13 months from now. The Foreign Relations Committee "maintains an open mind as to the results of the inquiry provided for."

Under this program, the new proposals will be before the Congress beginning July 1, 1966. The budget process is a long one. That is just about the time each country team will be beginning that process in each of the countries aided. On what basis will each of those country teams plan with the host country? On the basis of one on-going program, on the basis of the study results, on the basis of the President's proposals, or on the basis of a fourth unknown factor—how the proposals will emerge from the Congress just as the new budget is to go into effect.

What I fear will happen to this declaration terminating the foreign aid program is that, if adopted by the Senate, it will not emerge from conference and may well be "traded away" for a 2 year extension of the program.

For that reason I strongly urge the passage of my amendment No. 220, placing the foreign aid program—as it has been in the past—on an annual basis with scrutiny of the program each year by the Congress, with the Congress continuing to change, through the legislative process, the program where such improvements do not come about through administrative action.

I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the amendment offered by the Senator from Alaska [Mr. GRUENING].

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, the amendment tears the heart out of the bill and upsets an essential part of the structure which was painstakingly put together by the Foreign Relations Committee.

The provision in the committee bill for a 2-year authorization is indissolubly linked to other provisions in the com-

mittee bill terminating the AID program June 30, 1967, and providing for a searching study in the meantime.

Under the committee bill, the President is to submit to the Congress by June 1, 1966, his recommendations for such foreign assistance programs as he may deem desirable subsequent to the 1967 termination of the present program.

If the pending bill does not carry a 2-year authorization, it will mean that in the spring and summer of 1966 the Congress will again be considering a 1-year extension of the same tired, old program at the same time that it is receiving the President's recommendations for a new program. Furthermore, in the fall of 1965 and the winter of 1965-66, the executive branch will have to concern itself with extension of the existing program at the same time that it will supposedly be planning a new program.

This will lead to nothing but confusion and waste motion and will require the needless expenditure of a great deal of time and effort on the part of the Senate and the Committee on Foreign Relations to the detriment of other matters which require our attention.

It should also be noted that in connection with planning a post-1967 program, the committee bill provides for a Foreign Aid Planning Committee to be appointed jointly by the President, Vice President and the Speaker of the House. This Committee is to submit its final report on or before January 3, 1967. We may assume that the membership of this Committee will include members of the Congress as well as officials of the executive branch who are most concerned with foreign aid and who cannot very well do the highly important planning job which has been given to them if they have to concern themselves at the same time with another one-year extension of the existing program.

Finally, as the committee report points out—page 5—it is clearly understood that despite the 2-year authorization the Foreign Relations Committee will continue to watch the foreign assistance program closely in carrying out its functions of legislative oversight under the Legislative Reorganization Act. Congress will also have an opportunity to review the program through the appropriation process.

Mr. MORSE. Mr. President, I owe it to the Senator from Arkansas, chairman of the Committee on Foreign Relations [Mr. FULBRIGHT] and to the Senator from Alaska [Mr. GRUENING] to make a statement on the history of the so-called Morse amendment in the Foreign Relations Committee, so that both Senators will understand why I shall vote against the Gruening amendment this afternoon.

As my colleagues on the committee know, when I first proposed my amendment, I requested a period of 1 year, instead of 2 years, which means that originally I shared the view of the Senator from Alaska. In the Foreign Relations Committee we discussed various modifications of the Morse amendment. The original Morse amendment was modified in several respects, this being one of them. We endeavored to arrive at conscionable compromises which I

thought would not at all impair the objective which I had. Of course, my objective is to bring the foreign aid program as it is now constituted to an end and start over at the beginning of fiscal year 1967. I agreed to go along with the 2-year provision. I was moved to go along with the 2-year provision for the reasons that the Senator from Arkansas [Mr. FULBRIGHT] has pointed out, but concerning which I wish to speak with my own lips for the RECORD. In our discussion in the Foreign Relations Committee we made it clear that the Foreign Relations Committee would not cease to exist during the 2-year period. If any problem should develop in regard to foreign aid during that 2-year period, the Foreign Relations Committee would be in a position to take jurisdiction over it, hold hearings on it, and make recommendations to the Senate, including legislative recommendations.

I wish to be fair to the Senator from Alaska. During that 2-year period the President would be in a position to veto any proposed legislation that we might offer. Of course, he would be in a position to veto a foreign aid bill, although we know the probabilities of such action are not nearly as great as the probabilities would be if we in the 2-year period passed a piece of proposed legislation that was not expansive in nature. But I would fight to protect the President's right to exercise that check, as the Senator from Alaska knows. The fact that we shall be in a position to call attention to and to take legislative action on anything that should develop within the 2-year period that warrants such action would be substantial protection to the country.

Furthermore, I must admit that there is great merit in the argument which the Senator from Arkansas used in our committee hearings when he proposed the arrangement for a 2-year period. The Commission that is provided for in the Morse amendment should have 2 years in which to work if the Commission is to do the job that we desire it to do.

I stress to the Senator from Alaska that this does not mean that if in the course of 2 years the Commission itself should find some particular item should be rectified immediately, it could not proceed to make a recommendation accordingly. Nothing in the amendment is intended to mean that we cannot take any action until the 2 years have expired. It only means that the program as a whole would not come to an end until the end of the 2-year period.

I feel that I owe it to the Senator from Alaska to make that explanation, pointing out why I shall vote against his amendment this afternoon, although he and I usually stand together on proposed modifications of foreign aid. I believe that, taking all factors into consideration, the amendment should be adopted by the Senate as it was adopted by the Foreign Relations Committee, and that the amendment of the Senator from Alaska should not be accepted.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. GRUENING. I should like to ask the Senator what the situation would be if the Morse amendment were removed

from the bill in conference, in view of the fact that the House has taken positive action to continue the program 1 year at a time, as we always have done; and it seems possible that the House may not yield. What would be the situation then?

Mr. MORSE. I say to my good friend from Alaska that it would be awful. But does the Senator from Alaska believe that there is more possibility that his proposal would survive a conference than mine?

Mr. GRUENING. My experience has been that most of my proposals have had pretty tough sledding in conference. But I would suspect since the amendment of the Senator from Oregon has the approval of the committee, it would probably fare better.

Mr. MORSE. I believe that in conference a 2-year program would fare better than a 1-year program.

Mr. GRUENING. I thank the Senator.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is on agreeing to the amendment of the Senator from Alaska. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. MAGNUSON], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from West Virginia [Mr. BYRD], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "nay."

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Washington would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from Vermont [Mr. PROUTY], and the Senator from California [Mr. MURPHY] are necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business.

The Senator from Massachusetts [Mr. SALTONSTALL] is detained on official business.

If present and voting, the Senator from California [Mr. MURPHY] would vote "yea."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 26, nays 63, as follows:

[No. 113 Leg.]

YEAS—26

Bennett
Bible
Burdick
Byrd, Va.
Cotton
Curtis
Eastland
Ellender
Ervin

Fannin
Gruening
Hill
Hruska
Jordan, Idaho
McClellan
Mundt
Robertson
Russell, S.C.

Russell, Ga.
Simpson
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, Ohio

NAYS—63

Alken
Allott
Anderson
Bartlett
Bass
Bayh
Boggs
Brewster
Cannon
Case
Church
Clark
Cooper
Dirksen
Dodd
Dominick
Douglas
Fong
Fulbright
Gore
Harris

Hartke
Hayden
Hickenlooper
Holland
Inouye
Jackson
Javits
Jordan, N.C.
Kennedy, Mass.
Kennedy, N.Y.
Kuchel
Lausche
Long, Mo.
Long, La.
Mansfield
McCarthy
McGee
McGovern
McIntyre
McNamara
Metcalf

Miller
Mondale
Monroney
Montoya
Morse
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Randolph
Ribicoff
Scott
Smith
Sparkman
Stennis
Symington
Tydings
Williams, N.J.
Young, N. Dak.

NOT VOTING—11

Byrd, W. Va.
Carlson
Hart
Magnuson

Morton
Murphy
Neuberger
Pearson

Prouty
Saltonstall
Smathers

So Mr. GRUENING's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER OF TITLE TO MOVABLE PROPERTY TO CERTAIN AGENCIES

Mr. JACKSON. Mr. President, I ask that the Chair lay before the Senate a message from the House on S. 1000.

The PRESIDING OFFICER (Mr. HARRIS in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1000) to amend the act of July 29, 1954, as amended, to permit transfer of title to movable property to agencies which assume operation and maintenance responsibility for project works serving municipal and industrial functions, which were, on page 2, lines 3 and 4, strike out "(43 U.S.C. 371, note)," and insert "(43 U.S.C. 371 et seq.),", and on page 2, after line 18 insert:

SEC. 2. Whenever a municipal corporation or other organization to which water for municipal, domestic, or industrial use is furnished or distributed under a contract entered into with the United States pursuant to the Federal reclamation laws so requests, the Secretary of the Interior is authorized to transfer to it or its nominee the care, operation, and maintenance of the works by which such water supply is made available or such part of those works as, in his judgment, is appropriate in the circumstances, subject to such terms and conditions as he may prescribe.

Mr. JACKSON. Mr. President, S. 1000 was approved unanimously by the Committee on Interior and Insular Affairs and was unanimously passed by the Senate.

In the House, an amendment was added authorizing the Department of

the Interior to cover operation and maintenance activities of municipal, domestic, or industrial water users who, by, inadvertence, were not covered in the bill as it passed the Senate. There is no controversy about the amendment. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. A roll-call is in progress. The clerk will call the roll.

The legislative clerk resumed the calling of the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 221 AND 224

Mr. GRUENING. Mr. President, I call up my amendments numbered 221 and 224 and ask that their reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendments will be printed in the Record at this point.

The amendment (No. 221) offered by Mr. GRUENING is as follows:

On page 2, lines 11-13, delete the following words: "United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and the".

The amendment (No. 224) offered by Mr. GRUENING is as follows:

On pages 3 and 4, delete subsection (b).

Mr. GRUENING. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. GRUENING. Mr. President, the first amendment, No. 221, would strike out that portion of the policy finding that the "United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis."

The second amendment, No. 224, would strike out subsection 102(b) of the bill.

That subsection, as reported, reads as follows:

In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 20 per centum of the funds made available for this title to the International Development Association, the Interna-

tional Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any Act.

Previously, the law permitted the transfer of up to 10 percent to the International Development Association. Under this new provision, the amount the President can transfer has been doubled and he is now authorized to transfer that sum not only to the International Development Association but also to the International Bank for Reconstruction and Development and the International Finance Corporation.

This means that in 5 years, through this provision, \$1,500 million could be transferred away from congressional control and into international control. All of the carefully worked out controls and limitations, now contained in the Foreign Assistance Act, would no longer be applicable to this foreign-controlled fund.

Gone would be the limitations and assistance now governed by the Hickenlooper amendment, an amendment which

has proven to be a great deterrent to expropriations of U.S. property abroad.

Gone would be the safeguards for the use of development loan funds for purchases in the United States, thereby aiding our balance-of-payments problem.

Gone would be the requirement for detailed plans and cost estimates.

Gone would be the requirement for shipping a certain percentage of purchases in American bottoms.

Gone would be the restrictions on aid to Cuba, Poland, Yugoslavia, and other Communist countries.

Gone would be the restriction on aid to countries shipping goods to Cuba.

Gone would be the restriction on aiding businesses abroad that will ship goods into the United States in competition with our own businesses.

Gone would be the restriction against aid to countries preparing for aggression against their neighbors.

Gone would be the restriction against aid to Indonesia.

Gone would be the restriction against aid to countries having no investment guarantees.

Gone would be the restriction against aid to economically developed countries.

All these would be gone.

Also gone would be restrictions on the lowness of the interest rates which could be charged on the loans made by these international institutions loaning U.S. tax dollars. Thus while the U.S. taxpayers were paying 5¾ percent interest to raise the money to turn over to these international lending institutions, those very same institutions were lending \$300 million to India at three-fourths of 1 percent interest for 50 years for highways, irrigation, power, and railway projects; or \$32.5 million to Pakistan at three-fourths of 1 percent interest for 50 years for irrigation, flood control, and ports projects; or \$13 million to Sudan at three-fourths of 1 percent interest for 50 years for an irrigation project.

These are actual examples of loans made in the past by the International Development Association.

I ask unanimous consent that the list of loans and their terms made by the International Development Association be inserted at this point in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Statement of development credits June 30, 1963
[Expressed in U.S. currency]

Member in whose territories development credits have been made	Program or project	Date of development credit agreement	Maturities	Service charge rate, percent	Original principal amount	Development credits not yet effective ¹	Effective development credits held by association	Principal amount disbursed	Undisbursed balance of effective development credits ²
Chile	Road construction	June 28, 1961	1971-2011	¾ of 1	\$19,000,000		\$19,000,000	\$2,458,974	\$16,541,026
China	Harbor dredging	Aug. 30, 1961	1972-2011	¾ of 1	2,200,000		2,200,000	98,945	2,101,055
	Ground water development	Aug. 30, 1961	1972-2011	¾ of 1	3,700,000		3,700,000	809,633	2,890,367
	Municipal water supply	Sept. 6, 1961	1972-2011	¾ of 1	4,400,000		4,400,000	2,712,939	1,687,061
	Development of private industry	Dec. 1, 1961	1972-2011	¾ of 1	5,000,000		5,000,000	911,128	4,088,872
Total					15,300,000		15,300,000	4,532,645	10,767,355
Colombia	Road project	Aug. 28, 1961	1971-2011	¾ of 1	19,500,000		19,500,000	4,085,235	15,414,765
Costa Rica	Road construction and maintenance	Oct. 13, 1961	1971-2011	¾ of 1	5,500,000		5,500,000	116,636	5,383,364
El Salvador	Third highway project	Nov. 2, 1962	1972-2012	¾ of 1	8,000,000		8,000,000	96,340	7,903,660
Ethiopia	Road development	Feb. 27, 1963	1973-2013	¾ of 1	13,500,000	\$13,500,000			
Haiti	Interim highway project	Nov. 2, 1962	1972-2012	¾ of 1	350,000		350,000	262,980	87,020
Honduras	Western highway improvement	May 12, 1961	1971-2011	¾ of 1	9,000,000		9,000,000	2,408,885	6,591,115
India	Highway construction and improvement	June 21, 1961	1971-2011	¾ of 1	60,000,000		60,000,000	15,153,511	44,846,489
	Tubewell irrigation	Sept. 6, 1961	1971-2011	¾ of 1	6,000,000		6,000,000	1,933,724	4,066,276
	Shetrunji irrigation project	Nov. 22, 1961	1972-2011	¾ of 1	4,500,000		4,500,000	1,043,360	3,456,640
	Salandi irrigation project	do	1972-2011	¾ of 1	8,000,000		8,000,000	832,492	7,167,508
	Punjab flood protection and drainage	do	1972-2011	¾ of 1	10,000,000		10,000,000	5,844,936	4,155,064
	Durgapur power extension	Feb. 14, 1962	1972-2012	¾ of 1	18,500,000		18,500,000		18,500,000
	Sone irrigation project	June 29, 1962	1973-2012	¾ of 1	15,000,000		15,000,000	1,889,092	13,110,908
	Purna irrigation project	July 18, 1962	1973-2012	¾ of 1	13,000,000		13,000,000	2,737,851	10,262,149
	2d Koyna power project	Aug. 8, 1962	1973-2012	¾ of 1	17,500,000		17,500,000		17,500,000
	Bombay port project	Sept. 14, 1962	1973-2012	¾ of 1	18,000,000		18,000,000	2,149,914	15,850,086
	Telecommunications	do	1973-2012	¾ of 1	42,000,000		42,000,000	2,090,051	39,909,949
	Railway improvement	Mar. 22, 1963	1973-2012	¾ of 1	67,500,000		67,500,000	14,816,092	52,683,908
	Kothagudem power project	May 24, 1963	1973-2013	¾ of 1	20,000,000	20,000,000			
Total					300,000,000	20,000,000	280,000,000	48,491,023	231,508,977
Jordan	Amman water supply project	Dec. 22, 1961	1971-2011	¾ of 1	2,000,000		2,000,000	26,039	1,973,961
Korea	Railway development	Aug. 17, 1962	1973-2012	¾ of 1	14,000,000		14,000,000	24,956	13,975,044
Nicaragua	Managua water supply project	Sept. 7, 1962	1972-2012	¾ of 1	3,000,000	3,000,000			
Pakistan	Dacca irrigation project	Oct. 19, 1961	1972-2011	¾ of 1	1,000,000		1,000,000	154,805	845,195
	Inland ports project	Nov. 22, 1961	1972-2011	¾ of 1	2,000,000		2,000,000	288,228	1,711,772
	Khairpur irrigation project	June 29, 1962	1973-2012	¾ of 1	18,000,000		18,000,000	99,319	17,900,681
	Industrial estates project	Nov. 2, 1962	1973-2012	¾ of 1	6,500,000		6,500,000	36,352	6,463,648
	Brahmaputra flood project	June 26, 1963	1973-2013	¾ of 1	5,000,000	5,000,000			
Total					32,500,000	5,000,000	27,500,000	578,704	26,921,296
Paraguay	Highway improvement and maintenance	Oct. 26, 1961	1972-2011	¾ of 1	6,000,000		6,000,000	100,095	5,899,905
Sudan	Roseires irrigation project	June 14, 1961	1971-2011	¾ of 1	13,000,000		13,000,000	2,819,471	10,180,529
Tunisia	School construction	Sept. 17, 1962	1972-2012	¾ of 1	5,000,000		5,000,000		5,000,000
Turkey	Development of private industry	Nov. 23, 1962	1973-2012	¾ of 1	5,000,000		5,000,000	4,819	4,995,181
	Cukurova power project	Feb. 1, 1963	1973-2012	¾ of 1	1,700,000		1,700,000	302,907	1,397,093
	Seyhan irrigation project	May 31, 1963	1973-2012	¾ of 1	20,000,000	20,000,000			
Total					26,700,000	20,000,000	6,700,000	307,726	6,392,274
United Kingdom, Swaziland	Highway construction	Mar. 14, 1962	1972-2011	¾ of 1	2,800,000		2,800,000	2,051,184	748,816
Grand total					495,150,000	61,500,000	433,650,000	68,360,893	365,289,107

¹ Agreements providing for these development credits have been signed, but the development credits do not become effective and disbursements thereunder do not start until the borrower takes certain action and furnishes certain documents to the Association.

² Of the undisbursed balance the Association has entered into irrevocable commitments to disburse \$16,344,659.

Mr. GRUENING. Mr. President, this is a clear-cut attempt to turn over the entire Development Loan Fund—now under the control of the Congress, loose as that control may be—to the International Development Association.

Recently the Washington Daily News carried a story of one loan by the Inter-American Bank—for which Congress this year voted an additional \$750 million over a 3-year period.

The Inter-American Bank had made a substantial loan to an agrarian bank in the Dominican Republic. That Government—not the Inter-American Bank—ordered an audit by a very reputable American accounting firm of the Dominican bank's activities for the first 5 months of 1964. In an obvious attempt to influence the political course of events in the Dominican Republic the so-called loyalists released the report, which showed glaring deficiencies in the management of the Dominican bank.

I ask unanimous consent that the story by John T. O'Rourke, entitled "It's Only Money—How Not To Run a Bank; U.S. \$7 Million Is Mislaid," as it appeared in the Washington Daily News for June 2, 1965, and the editorial on the same date, entitled "It's Your Money," be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRUENING. Mr. President, I mention this incident to ask this question: How closely are the loans made by these international lending institutions scrutinized?

I am concerned with more than the auditing of the accounts here in Washington. With respect to the International Development Association, its accounts here in Washington are audited by the well-known firm of Price Waterhouse Co. But what of the loan made by the International Development Association on November 23, 1962, of \$5 million for the "development of private industry" or the loan of \$13 million to Sudan for "school construction" and all the other loans? Are these accounts audited in the host countries? If so, by whom?

In the case of the Dominican Republic audit, it was made by a private company for the Government of the Dominican Republic and not for the Inter-American Bank. One is forced to the conclusion that, save for the troubled situation existing in that island, this audit would never have seen the light of day.

This is a matter which should be thoroughly investigated.

We should not hasten—as the Senate Foreign Relations Committee in this bill seeks to do—to turn over U.S. dollars to international organizations until we are certain that those organizations take proper precautions to insure that the funds loaned will be used for the purposes for which they were loaned and for no other.

I urge the adoption of my amendments Nos. 221 and 224 to insure U.S. control over the tax dollars of U.S. taxpayers.

Mr. President, I ask for the yeas and nays on my amendments.

The PRESIDING OFFICER. The yeas and nays are ordered.

The yeas and nays were ordered.

EXHIBIT 1

[From the Washington Daily News, June 2, 1965]

IT'S ONLY MONEY—HOW NOT TO RUN A BANK;
U.S. \$7 MILLION IS MISLAID

(By John T. O'Rourke)

About \$7 million of U.S. counterpart funds were mishandled by the Dominican Republic's Banco Agrícola (Agricultural Bank) and U.S. law was violated, it was revealed today.

This bank is practically the baby of the Inter-American Development Bank, which has spoon fed it with the richest baby food there is—dollars—which it gets largely from congressional appropriations.

The Inter-American Development Bank has sent hordes of advisers to try to steer the Dominican bank's policies and it is reported that it has advisers there right now.

GOOD SHAPE

As a result, the Inter-American Development Bank's own funds there are in good shape, officials here in Washington said today. They are kept in a separate account. The Development Bank's officials were aware of the spongy condition of Banco Agrícola from the very beginning, it was learned today, but were faced with the need of using the financial tools which were already in existence.

One financial consultant called it "institutionalized chaos" and said "no banker in the Western World could ever identify it as a bank at all."

A director of the government-owned Banco Agrícola is, or was, Sr. Antonio Guzman, who until recently was prominently mentioned as a possible temporary president for the leaderless island nation. Some reporters said he was acceptable both to White House negotiator McGeorge Bundy and also to Col. Francisco Caamaño Deno, head of the self-styled constitutionalist rebels.

ON THE BOARD

Sr. Guzman was Minister of Agriculture under the deposed president, Dr. Juan Bosch, as well as a member of the bank's board of directors. During that time many, but not all, of the bank loans were made on notes and collateral which cannot now be found.

The Washington Daily News published last week for the first time some details of the scandalous condition in which auditors found the Bank's affairs. Denials followed.

Actually, the audit shows that about two-thirds of what the Bank stated were assets were not assets at all. Of the Bank's claimed \$118 million assets, the auditors approved only \$43 million. The rest, apparently, has gone with the wind.

ALLEGED RED

During the Bosch regime, the head of the Bank was Sr. Rafael Jorge. Sr. Jorge's son, Rafael Jorge Tello, is reported to be a Communist and with the rebels). During Sr. Jorge's management, and while Sr. Guzman served both as cabinet minister and Bank board member, the U.S. counterpart fund became tangled with the Bank's already snarled affairs.

U.S. counterpart funds are accumulated by the sale of U.S. surplus commodities. The United States agrees that money it receives shall be spent inside the country which bought the commodities.

On its side, the country agreeing to the arrangement promises that it shall keep these funds sequestered in a separate account, disbursing them only with the approval of U.S. officials. All this is according to Public Law 480.

IGNORED LAW

The Bosch administration violated this agreement and ignored the U.S. law controlling the funds.

Counterpart funds were not segregated. Instead, they were fed into the bank's general cash flow and used for whatever purposes, without U.S. approval. Some time ago, the U.S. State Department discovered this situation and immediately and vigorously cracked down; but by that time, the Bosch regime had been overthrown by the military.

The military junta was succeeded after a short time by a temporary civilian government headed by Donald Reid Cabral. As soon as he received the State Department's stern representations, he ordered his new Bank management to reconstitute fully the counterpart fund account and handle it according to law and the agreement between the two countries. This was done.

Meantime, the audit by the internationally known accounting firm of Ernst and Ernst was progressing. It had started during the previous regime, but was completed and handed to President Reid Cabral just before the military overthrew him as well.

ASSETS AND ASSETS

In referring to the \$75 million discrepancy between what it said were assets and what the bank said were assets, the Ernst and Ernst audit makes on page 4 what is probably one of the most restrained financial understatements of the year, when it remarks:

"As a result of our examination, the financial statements previously prepared by the bank, as of May 31, 1964, have been revised substantially."

That is, revised \$75 million worth, downward.

On the same page, the audit goes on to say:

"Contracts were inspected for the respective loan ledger cards and we were unable to locate approximately 3,900.

"We also inspected the mortgages and were unable to locate approximately 900 mortgages." When the auditors gave the bank a list of what was missing, they outdid their previous understatement by gently suggesting that the bank make "further investigation of this serious situation."

On page 5, the auditors describe their experience in checking the bank's lending and collection habits, as follows:

"Requests were mailed to 30,153 borrowers covering loans aggregating \$37,322,495. We mailed second requests to all borrowers from whom no reply to the first request had been received.

"As of October 15, 1964," the auditors said, "15,885 replies had been received representing 52 percent of the requests mailed and 51 percent of the amount involved. * * * However a large number of requests were returned to us by the post office as being undeliverable for various reasons."

On page 6, the audit says that "as of May 31, 1964, the bank had not made the entries on the books to properly record the sale of certain agricultural products and equipment."

Ernst and Ernst had pointed out this discrepancy, but it was not until the Reid Cabral regime that the corrections were made.

SAD NEWS

On page 7, there is the sad news that "titles could not be located for certain properties carried at approximately \$1,300,000."

On page 8, the auditors point to what must be one of the silliest mistakes ever made by a financial house. It says the bank forgot to list one of its most important assets, its own bank building, and had forgotten that it also owned "the building on Independence Avenue occupied by the police department."

A glance at the "assets" revealed loans made to borrowers who had skipped out of the country years ago, including Dominican diplomats.

According to a Dominican official, a great many of these loans were made to members

of Bosch's Partido Revolucionario Democrático (Democratic Revolutionary Party) during his brief 19-month career in office, who were friends of the party's bigwigs, including Sr. Guzman.

CASH DEPLETED

Today, it is reported here that the bank's cash is just about depleted. It is so short that it cannot function properly in its primary role; to make loans on easy terms to small farmers and agricultural enterprisers. This means that the people who need credit most at this time of crisis, cannot get it.

One adviser to Reid Cabral told him that the bank is a "monument of inefficiency and casual indifference to even the most rudimentary correct banking procedures."

Today, those temporarily in charge during this time of no government are struggling hard to bring a semblance of business discipline to the institution, but as the bank staggers from day to day on U.S. cash transfusions, it is difficult for them to even be sure where to start to clean it up.

OTHER BANKS

Furthermore, some Washington officials have received information that many other banks throughout South America which have been getting capital from the Inter-American Development Bank (which in turn gets its capital largely from U.S. taxpayers via the Congress) are being run as loosely as the Banco Agrícola.

Several Congressmen and Senators are reported to have obtained copies of the Ernst & Ernst report, since the kind of financial institution which handles aid and development funds appropriated by Congress is very much their concern.

[From the Washington Daily News, June 2, 1965]

It's YOUR MONEY

How a bank in the Dominican Republic, which handles Inter-American Development Bank funds and other international and U.S. aid moneys, snarled its affairs was described by this newspaper last week. Further details appear today on page 33.

An audit was made by Ernst and Ernst, an internationally known firm of accountants. The findings are enough to shake any friend of Latin America, or any supporter of the Alliance for Progress.

It said, for instance, that the Dominican institution, Banco Agrícola, "has no definable systems and procedures."

It is no wonder that of stated assets of \$118 million, the auditors could find only \$43 million.

Financial crisis in addition to political crisis is tragic enough, but this matter has implications much wider than the Dominican Republic, because there are hints that there are many other banks in South America whose affairs are no better managed than Banco Agrícola's have been in the past.

If this is so, and we strongly suspect that it is, it seems to us that this is a worthwhile area for congressional scrutiny, since so much of the money which these banks handle is appropriated by Congress.

In the United States, there is a Federal bank inspection system. At random and unforewarned intervals, examiners audit our banks, and this is a powerful deterrent to sloppy practices or cupidity.

Why not an international bank inspection system? We believe sound institutions would welcome it, and so would the agencies whose responsibility it is to arrange for the export and placement of international funds.

At present, there is no international inspection system comparable to our Federal bank examination. Banks in many other countries are audited only when some politician or other thinks it would suit his book to do so, or some temporary affluence causes a bank's managers to have one to make themselves look good.

When we explained our idea to Sr. Felipe Herera, president of the Inter-American Development Bank, he said, "I think this could be an interesting formula for international lending institutions."

It seems to us that an independent pool of well-known international accounting firms of recognized integrity could be organized, rotating examinations and examiners and sharing data for future reference and comparison.

It would cost a tidy sum, no doubt but we're convinced that whatever it cost, it would be a drop in the bucket compared with the flow of money and credit that, at present, receives far less surveillance in some underdeveloped countries than does the most modest savings account in the United States or Western Europe.

This might be a way to make development and aid dollars go farther and, by improving banking techniques, strengthen the financial systems in many countries. This would certainly be to the advantage of everyone.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc offered by the Senator from Alaska.

Mr. MORSE. Mr. President, this is one of the most important amendments to be considered in connection with the foreign aid bill. In discussing it, I shall first call attention to that section of my minority views which deals with the threat of multilateralism. I said, in the minority views on the issue—and it was an issue that received a great deal of consideration and much debate in the Foreign Relations Committee:

The bill reported by the committee majority contains two provisions, described as major ones in the report, designed to promote a shift in U.S. foreign aid programs from a bilateral to a multilateral basis. A new proviso is inserted in the act's statement of policy which puts the Congress on record as urging " * * * that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis. * * * " Section 205 of the act is then broadened to give the President authority to take as much as 20 percent of the program funds authorized for development lending and to turn them over to the International Development Association (IDA), the World Bank, and the International Finance Corporation. Only the vigilance of committee members prevented an attempt to include in this giveaway all multilateral financial institutions, not merely those now in existence, but those yet to be organized.

These are indeed major provisions—and dangerous ones to boot. To the credit of the backers of this initiative, there is no effort to mask the meaning of the shift; their reasoning is made painfully clear. Most important, it is openly stated that a successful move toward multilateral aid would permit avoidance of the new criteria and regulations now governing bilateral U.S. assistance.

For example, it would entirely evade the extremely valuable Hickenlooper amendment, which has helped so much to inhibit, if not prevent, expropriation of U.S. property in countries aided by our bilateral program. This is a particularly important example, for it highlights the fact that what criteria there are in the act resulted from efforts by the Congress to provide strong guidance, rather than from bureaucratic fiddling with minor administrative restraints, as the promoters of multilateralism implicitly seem to claim.

Again, by leaving it entirely up to the President to determine the means by which funds would be given to multilateral organizations, there is an in-built power to un-

dermine the bipartisan Lausche-Mundt effort to encourage financial responsibility and competence in the less developed countries by insisting on more businesslike loan terms. The IDA lends for a half century and virtually dispenses with interest rates. In other words, IDA loans are the "softest" now available to borrowers in the underdeveloped world. And make no mistake about this point: it is the IDA which would receive the funds under these committee amendments to the act. World Bank loans are made on far "harder" terms than those which govern our bilateral lending, and the Bank under these provisions would scarcely seek new funds—which it apparently does not now require from us. Indeed, the Bank recently arranged to turn over to the IDA a portion of its annual net profits. As for the International Finance Corporation, it has had difficulty over the years in even employing the relatively modest sums which it has available. Thus it is evident that we are really dealing with the soft-loan IDA in this context. And this is an institution which so far has devoted more than half its resources to just two countries, India and Pakistan; these are also ones which receive a heavy share of our bilateral foreign aid, amounting to billions of dollars over recent years.

I am not opposed to providing limited funds to the multilateral financial institutions under firm guidelines which encourage businesslike terms. But the requirements of these many institutions are becoming insatiable. At the beginning of last year the Congress provided authority for a \$312-million increase in the U.S. contribution to IDA over a 3-year period; yet there is now information that most of this authority has been used for loan commitments and that a new increase will be sought in the near future. Also, early in 1964 the Congress authorized new backing for the Inter-American Bank of close to half a billion dollars; yet one of the first bills we approved this year authorized another \$750 million for that Bank over a 3-year period. In addition, pending before the committee right now is a bill to expand our quota in the International Monetary Fund by \$1 billion—one-quarter of this sum to be made available from the stocks of gold which have been steadily slipping away from us.

Other bilateral aid limitations to be avoided by this section are procurement source limitations designed to protect the U.S. balance of payments; the requirement for detailed plans and cost estimates, 50-50 shipping; the restrictions on aid to Cuba, Poland, Yugoslavia, and other Communist countries; on aid to countries shipping goods into Cuba; on aid for enterprises abroad that will export back into the United States in competition with our own enterprises; on aid to countries preparing for aggression against other U.S. aid recipients; on aid to Indonesia; on aid to countries having no investment guarantee agreement; and on aid to economically developed countries.

What other reasons do the multilateralists advance in support of this shift? Their greatest emphasis is given to the questionable point that aid from a multinational organization does not result in resentment and hostility among the people assisted, which outcome has been so frequently the case with bilateral foreign aid. Now this is a fascinating admission about the record of our current aid program by those who are entirely prepared to approve 2 more years at the same old stand. I submit that there is no inescapable correlation between loaning money to a country and breeding resentment in the process. On the contrary, the connection between the two depends on the individual circumstances, on the kinds of assistance, and on the ways in which the overall transaction is handled. It seems

overwhelmingly obvious that many basic flaws underlie our foreign aid program as it is presently formulated and administered if it brings such untoward results.

Where have resentment, backbiting, and mischiefmaking been most prevalent? Precisely in those countries—such as Indonesia, the United Arab Republic, Pakistan, and Ghana (not an exclusive list, by any means)—which the United States should have been extremely chary of assisting in the first place. Those four countries from 1946 through fiscal year 1964 received about \$4½ billion in economic aid and agricultural surpluses, excluding long-term Eximbank loans and military assistance. The executive branch of our Government would have an impossible task if it tried to document just what the American people have received in benefits from their generosity in these instances. Only now is the U.S. Government reconsidering its actions, despite all the warnings from the Congress in recent years.

Too late, but at last we are stemming the flow of largess in such areas. However, the international financial agencies operate under criteria which do not permit the political judgment and policy adjustments we are able to make unilaterally; on the contrary, they are virtually compelled by their charters to consider economic factors alone. In these circumstances, there is nothing to prevent such financial institutions from using our contributions to help countries which are taking actions directed against our national interests. For example, the IMF is considering sending a team to Ghana to help straighten out the internal economic mess created by the most irresponsible and brutal dictatorship in tropical Africa. Yet it is all too evident that no basic change can take place in Ghana under its present regime.

One other main point in favor of their thesis is put forward by the multilateralists; namely, the premise that the capacity to make increased U.S. contributions will act as a lever to get the other industrialized freeworld nations to contribute more funds to the international agencies. Even if the premise were correct, and I am extremely dubious, the policy is not an appealing one. If the other developed nations wish to shirk their responsibilities, as we seem to interpret them, then the United States should resist rather than welcome the role of "father knows best." Much of the anti-Americanism found among our closest allies is attributable to just this kind of selfrighteousness. It is entirely possible that our allies have very good reasons for not wishing to make larger contributions to the multilateral agencies.

There is one other vital factor, however, which seems to have been totally ignored by those who support a steady movement of our foreign aid efforts into the multilateral category. On the question of the balance-of-payments impact of the program as a whole we are constantly being reassured by the high percentage of our references to "tied loans." Yet it does not appear to have occurred to the executive and legislative advocates of the multilateral approach that nothing could be more conducive to untying our loans than such a policy. By my computation as much as \$300 million of our development lending could be freed of payments restraint by use of the 20-percent transfer authority.

Above all, these two committee amendments to the basic act should be stricken from the bill because they pose the clearest possible threat to control over our foreign aid program by the Congress and, by extension, the American people. It is true that the United States has representatives who exercise our voting power—a less than full equivalent to our contributions—in the multilateral financial institutions. However, the only meaningful congressional contact with those representatives comes when they appear to urge new U.S. contributions to such

institutions; we may offer all the views we wish on such occasions, but there is no way to compel acceptance of any advice. Once the money is voted, it is turned over to the multilateral institutions and their use of the funds is not subject to congressional control. The same is true for the criteria and regulations established by those agencies. Only general guidelines are approved in their articles of agreement; and, once accepted, these provide great flexibility. The Congress is powerless to change the situation except through somehow stimulating an agreement for amendments among a great majority of the member countries. In practice, this means a total lack of congressional direction.

In these circumstances, multilateralism in the context of our foreign aid program forgoes the right and duty of the Congress to participate in the formulation and administration of a vital tool of our Nation's foreign policy.

Mr. President, I wish to develop that last point a little more in depth. In closing my argument, there are two points I wish to stress above all others.

I take this one first: It is difficult to persuade Senators to take the time and make the study necessary to give consideration to the abstract principle of American constitutional government; but, nevertheless, it is a vital one. That is the principle that involves the constitutional authority for Congress to check the expenditure of taxpayers' funds which are authorized and appropriated through authorization appropriation acts to various programs approved by Congress.

If there were no other reason for my opposition to the multilateral approach than this one, I would oppose it most strenuously.

I am greatly concerned about the tendency, during the past quarter of a century, of Congress to delegate away effective checks, and that I am greatly concerned about the tendency of Congress now—for a quarter of a century, but at an increasing rate in recent years—to vest more and more authority to make decisions in the executive branch of the Government. It does not matter how the multilateralists spell out their position on the issue semantically. Let me point out that the end result would be that a multilateral approach by Congress would have less authority than it would have under the bilateral approach, with less authority to control the specific expenditure of funds for specific purposes.

Turning over to an international body a voting ratio, but not a controlling voting ratio, would mean that millions and millions of American taxpayers' dollars would be spent in a foreign-aid program which will be rife with inefficiency and waste. As the Comptroller General has stated in many of his reports, it would result in malfeasance in the administration of the program on the part of officials in foreign governments.

Mr. President, the taxpayers have a right to say to Congress, "We do not wish to make a foreign international organization a superlegislature which, in effect, would have the authority to follow a policy course of action which Congress would probably not follow if it retained the bilateral approach to foreign aid authorizations and expenditures."

It is not necessary to have a good for-

eign aid program to do this, Mr. President. It is not necessary for Congress to delegate to a group of foreigners, sitting on a board of directors of international agencies, the degree of control over American taxpayers' dollars which this approach of so-called multilateralism would provide.

It is important, in the interest of protecting congressional control over its own constitutional checking power, that the Senate adopt the amendments of the Senator from Alaska. I believe that it would have a salutary effect around the world.

In connection with another amendment which I shall discuss at a later hour, there is an attitude which has even been developed in international conferences, particularly on the part of some Arab and African countries, that they are entitled to American foreign aid as a matter of right. They say this at international conferences, and I have quoted them in my minority views.

Mr. President, I do not believe that as a Congress, we can justify delegating away the effective authority, the practical authority, the working authority of the Congress to retain control over the expenditure of foreign aid funds.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Oregon yield to the Senator from Ohio?

Mr. MORSE. I am opposed to the multilateral approach which is envisioned in the committee bill. I believe that we should adopt the amendments of the Senator from Alaska, for other reasons, too, which I shall bring out after I yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. Is it not a fact that, through the past several years, we have attempted to establish safeguards which we deem to be necessary for the protection of the security of our country, and to prevent the outflow of gold, in what we call the unilateral loan program of aiding foreign countries?

Mr. MORSE. The Lausche-Mundt amendment had that as its main purpose.

Mr. LAUSCHE. It contemplated the granting of a loan at an interest rate that would have some semblance of a real loan being made to the recipient country.

Mr. MORSE. Yes. I was proud not only to support it, but I believe at one time I associated myself with the amendment.

Mr. LAUSCHE. Is it not also a fact that we adopted the Hickenlooper amendment, which is applicable to unilateral loans, and which denies the right to make a loan to any country which has confiscated American property and has not reimbursed the injured party in an amount equal to the reasonable value of what was confiscated? In substance I believe that is an accurate description.

Mr. MORSE. The Senator is correct. As I believe the Senator heard me say a few moments ago, I brought this out in my minority views. We would lose the benefit of the Lausche-Mundt amendment and the benefit of the Hickenlooper

amendment insofar as funds that go into a multilateral organization are concerned.

Mr. LAUSCHE. Is it not a fact that we also created by law sanctions to be imposed upon countries receiving our aid, which were sending help into Cuba?

Mr. MORSE. Yes. We have not imposed nearly enough sanctions on a good many other countries, and we continue to finance them with huge sums of money. I hope we shall be able to be more effective this year in attaching some amendments to the bill which will stop aid to those countries.

As I say in my minority views, if we go along with this multilateral approach, no international body will stop giving a loan because a country has expropriated an American powerplant somewhere, for example.

Mr. LAUSCHE. Congress also adopted a limitation on aid that might be used to harm the interests of the United States.

Mr. MORSE. The Senator is correct. We would lose all that under this program.

Mr. LAUSCHE. Could the assumption be made that those who are administering the loan program, recognizing that they are subject to restraints, such as those under the Hickenlooper amendment and under the Mundt-Lausche amendment, and under other provisions that were adopted by Congress, are attempting to escape those restraints, and are therefore asking that we do away with the unilateral effort and turn it into a multilateral program?

Mr. MORSE. The Senator from Ohio said it in the first instance. I did not say it. However, I certainly wish to say it, and shall expand on that thesis, because in my judgment the Senator has put his finger on the basic cause of the inefficiency and the malfeasance and the waste connected with our whole foreign aid program.

Mr. LAUSCHE. Under the 20-percent provision, it would appear that of the \$780,250,000 authorized for use by the Development Loan Fund, 20 percent would be liberated from the limitations and restrictions which Congress has imposed upon that agency in the use of that money. Is that correct?

Mr. MORSE. It constitutes a complete destruction of the application of the checking power of the Congress in protecting the taxpayer dollars. That is what is so bad about this proposal.

Mr. LAUSCHE. It might be repetitious to say so, but—

Mr. MORSE. The Senator need not worry about repetition. It is necessary to repeat and repeat in order to educate and teach.

Mr. LAUSCHE. Recognizing the perilous position of our gold reserves and the constantly increasing outflow of them, several years ago, contrary to previous operations, we adopted what we call the tie-in program. In effect we would say to a country, "We will lend you money, but you must use that money to buy goods manufactured in the United States."

We argued to the people of the United States that 80 percent of what we would

lend to a foreign country would be spent in the United States in the purchase of U.S. labor and goods. Am I correct?

Mr. MORSE. The Senator is correct. I shall have something to say about that, so far as its effectiveness is concerned. However, the Senator is correct in his statement.

Mr. LAUSCHE. If we adopt the policy of allowing 20 percent of the \$780 million to be used under a multilateral program, all the protections about which we have spoken will be abandoned. Is that correct?

Mr. MORSE. The Senator is correct. I am sure the Senator does not really believe that if we start this year with 20 percent, that will be the percentage ceiling. I say, Watch out. The next time they will build it up to 30 or 35 or 40 or 50 percent. This is only the beginning of the design, on the part of the State Department and of the AID people in co-operation with Members of Congress, to take from Congress effective control over the expenditure of taxpayers' money in the foreign aid program.

Mr. LAUSCHE. There comes to my mind an incident which happened about 3 years ago, which embraces these facts: The United Nations sent to Cuba, at a time when our problem was tense with that nation, money to be used in some agricultural research work.

Mr. MORSE. A large percentage of that money was American taxpayers' dollars.

Mr. LAUSCHE. The public in the United States wrote in anger, "Why are our American dollars being sent to Cuba, to be used by a nation and a government that are hostile to us?" Is it not a fact that our Government answered by saying that this money was sent by the United Nations, that we had no control over it, and that we had no right to tell the United Nations where that money was to go?

Mr. MORSE. That is correct. It is a good example of how the State Department and the AID authorities again want to strip Congress of its checking control. If the American people only understood the application of the abstract principle of Government to which I am referring, there would be some angry responses from them today.

Mr. LAUSCHE. If authority is given to use 20 percent on a multilateral basis, instead of on a direct loan basis, is it not a fact that we are shorn of all of the protections provided for our country?

Mr. MORSE. That is the thesis of my minority views, which is not as well stated as the Senator has stated the situation.

Mr. LAUSCHE. Twenty percent will then be used on a multilateral basis, and the tie-in program will be eliminated.

Mr. MORSE. The Senator is correct.

Mr. LAUSCHE. At a time when the outflow of gold is becoming more difficult and when, in fact, it comprises one of the gravest problems confronting our country.

Mr. MORSE. The Senator is correct.

Mr. LAUSCHE. I recognize what difficult times, internationally, confront our Nation. However, I believe that the multilateral program as contemplated is

not sound, and I shall be glad to support the Senator from Alaska in his amendments, because I believe they would be in the interest of our country.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MORSE. I shall yield in a moment. I wish to say, out of appreciation to the Senator from Ohio, that as a member of the Foreign Relations Committee he supported my position there, too, just as he is supporting it on the floor of the Senate this afternoon. All these facts were brought out in the Committee on Foreign Relations. That is why I feel so heavy of heart, when I thought the facts were so clear, to find that a majority of the members of the committee were perfectly willing to delegate away from the American people a very precious checking power, which I am satisfied they would agree ought to be retained, and which was written into the Constitution for the protection of the taxpayers of this country.

I am at a loss to understand how there can be any question that the amendments should be adopted and why this provision of the bill should be eliminated.

I now yield to the Senator from Colorado.

Mr. DOMINICK. I appreciate the courtesy of the Senator from Oregon. I am also in support of the amendments of the Senator from Alaska.

I was most interested to receive recently a letter dated June 4, 1965, from the International Economic Policy Association, located in Washington. The letter is signed by its legislative chairman, Mr. Miles. I did not notice whether he testified before the committee or not. But I would gather he did not, because in the letter he said that the subject had come to his attention, as though it was something new. After analysis, he felt that the proposal of the committee as presented to the Senate would be very bad so far as this country was concerned.

He submitted with the letter a memorandum. I believe the memorandum is also of significance and importance. To support what the distinguished Senator from Ohio said about the balance of payments, I point out that on page 3 of the memorandum the writer states that the proposal as presented to Congress on this multilateral 20 percent blanket authority is definitely contrary to the policies declared by the President in his February 10, 1965, balance-of-payments message.

He points out that this action would permit the retention of 20 percent of the Development Loan Fund—presently tied 85 percent to U.S. procurement—and it would permit this reallocation to the World Bank and its affiliates, which are not subject to such restriction. Since its inception through April 30, 1965, only 12.8 percent of identifiable procurement of the International Development Association was U.S. procurement. That is \$31.5 million out of \$245.5 million worth.

The procurement history of the World Bank shows that the following percentages of World Bank expenditures resulted in U.S. procurement in 1960, 1963, and 1964: 29 percent in fiscal year 1960; 33 percent in fiscal year 1963; and 31½ percent in fiscal year 1964.

The memorandum continues:

In view of the continuing balance-of-payments deficit, it would be extraordinary for the Congress to authorize a blanket exception to the rules governing procurement under U.S. statutes and Executive orders.

Commenting on that particular amendment, we are dealing with a most important subject, as has been brought out by the Senator from Alaska [Mr. GRUENING], the Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. LAUSCHEL]. We are dealing with the question of whether the Congress of the United States will be able to say under what conditions American taxpayers' funds shall be distributed to the countries of the world.

Mr. MORSE. That is the issue.

Mr. DOMINICK. That is the basic issue. It seems to me that if we increased the percentage to 20 percent with none of the restrictions or requirements that we have made applicable to our own aid, we would merely be stepping out of the position of responsibility and delegating it to a group of people who may or who may not be in agreement with our own policy.

I should like to ask a question of the Senator from Oregon. Perhaps he cannot give me the answer, but I should like to ask the question anyway. If the amendments by any mischance should be rejected, is there any proposal or thought about offering a new amendment which would merely put the situation back in the position where it is under the present law?

Mr. MORSE. I hope that the amendments will not be defeated. I have reason to believe that they will be adopted. But if they should happen to be defeated, I shall then pursue every possible course of action that I can to circumvent the effect by offering whatever amendment would accomplish that end.

Mr. DOMINICK. Would it not be a fact that if the amendments were adopted, we would be leaving the existing law intact so that the small amount that we now allocate to the International Development Association would still be there?

Mr. MORSE. That is true.

Mr. DOMINICK. All we would be doing would be to eliminate the increase?

Mr. MORSE. We would only stop the expansion.

Mr. DOMINICK. I thank the Senator.

Mr. MORSE. That is a fitting transition statement for me to make the next argument that I wish to make in opposition to the proposal to delegate more and more authority to foreign multilateral financial institutions.

Mr. DOMINICK. Mr. President, will the Senator yield for one more observation?

Mr. MORSE. I yield.

Mr. DOMINICK. Mr. President, I ask unanimous consent to have printed in the RECORD the letter and the accompanying memorandum to which I referred.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

INTERNATIONAL ECONOMIC
POLICY ASSOCIATION,
Washington, D.C., June 4, 1965.

The Honorable PETER H. DOMINICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOMINICK: I would like to bring to your attention a matter which should be of concern to all Members of the Senate. On April 14, 1965, the Senate Foreign Relations Committee voted out the Foreign Assistance Act of 1965. Among other changes the committee amended section 205 to give the President discretionary power to lend up to 20 percent (formerly 10 percent) of the Development Loan Funds to the International Development Association, the International Bank for Reconstruction and Development or the International Finance Corporation (formerly only the International Development Association) to be used by them under their individual criteria and administrative rules and regulations, rather than those governing U.S. bilateral aid programs.

This amended section 205 involves a number of inconsistencies with U.S. bilateral aid policies which are explained in detail in the attached memorandum.

In brief, section 205 of S. 1837 suffers from the following defects and inconsistencies with U.S. bilateral aid policy:

1. It circumvents the regular authorization and appropriation procedure in making contributions to multilateral international financial institutions with the necessary opportunity for congressional review of their activities;

2. It circumvents U.S. procurement restrictions designed to protect the U.S. balance-of-payments position;

3. It circumvents the Hickenlooper amendment (sec. 620(e)), a protection for U.S. foreign investment;

4. It circumvents congressional policy directives regarding foreign aid contained in section 620(a) to 620(m) which include restrictions on aid to Cuba; and, finally,

5. It circumvents the policy of minimum interest rates on development loans (sec. 201(d)), the requirements for detailed plans and cost estimates (sec. 611) and cargo preference requirements which protect the U.S. balance-of-payments position.

Because of these inconsistencies with approved congressional policy regarding U.S. bilateral aid, we urge you to delete section 205 entirely from the Foreign Assistance Act of 1965.

The amended section 205 does not increase the resources being made available to the less developed and newly independent countries, but merely alters the disbursing institution and the conditions upon which the funds are used. Deletion of section 205 will not diminish the amount of foreign aid resources which the United States supplies.

If the amended section 205 becomes law and should the President exercise the discretionary authority granted thereby, it is reasonable to conclude that the International Development Association (the soft loan window of the World Bank) would be the probable beneficiary of this authority. This is so because the World Bank has ample funds for its present level of operations, and the International Finance Corporation (IFC) will be provided additional capital of \$400 million by the World Bank. Hence, neither one of these institutions presently needs additional resources.

The major part of IDA resources in the past have been committed to India and Pakistan. Of total commitments of \$778.2 million to June 30, 1964, \$569 million were allocated to these two countries (India, \$390; Pakistan, \$179) or 73.1 percent. Recently, \$90 million was made available to India for import assistance, or balance-of-payments loans, with no conditions as to procurement.

One can legitimately raise the question why U.S. aid funds should be diverted to IDA

to escape the conditions of U.S. aid legislation in the case of India, Pakistan, or any other less favored recipients of IDA funds.

I wish to make it clear that our membership does not necessarily oppose multilateral aid programs. What we do object to is the use of tangential devices to escape the application of policies already accepted by the Congress and the President in present law as conditions of bilateral aid. It is possible that when the charters and policies of the international agencies are brought in line with the policies of U.S. law applicable to bilateral aid, then we would not oppose, but might even favor, the multilateral approach. Until then, section 205 should be deleted.

These views have the general approval of our membership, except that the Ford Motor Co. wishes to disassociate itself from the views expressed in this letter and the attached memorandum.

Sincerely yours,

CLARENCE R. MILLS.

Chairman, Legislative Committee.

MEMORANDUM: SECTION 205 OF S. 1837 (THE FOREIGN ASSISTANCE ACT OF 1965)

On April 14, 1965, the Senate Foreign Relations Committee voted out the Foreign Assistance Act of 1965. Among other changes, section 205 was substantially altered. That section previously had provided that the President, if he should determine that it would more effectively serve the purposes of the Development Loan Fund title, and the policy contained in section 619 (pertaining to newly independent countries), could lend up to 10 percent of the Development Loan Funds to the International Development Association. That section has been altered to read as follows:

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 20 percent of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other act."

As you can see, under S. 1837, the President would have the discretionary authority to funnel up to 20 percent of the funds appropriated for the Development Loan Funds to the International Bank for Reconstruction and Development (the World Bank) and its affiliates, the International Development Association and the International Finance Corporation, to be used by them under their individual criteria and administrative rules and regulations, rather than those governing U.S. bilateral aid programs. Such a provision involves certain inconsistencies with U.S. bilateral aid policies which we would like to point out to you.

First, it would not seem to be a wise practice to use funds appropriated for U.S. bilateral aid to support multilateral international lending institutions. The U.S. Congress, from time to time, appropriates funds to these institutions on the basis of separate authorization and appropriation requests by the President. This presents an opportunity for extensive hearings and examination of their past performance, which is as it should be.

Secondly, there are a number of requirements governing U.S. bilateral aid which this amendment to section 205 would void. First and foremost are the procurement limitations incorporated in section 604 which

are designed to protect the U.S. balance-of-payments position. The AID Agency claims that at present more than 85 percent of all U.S. bilateral dollar aid is tied to U.S. procurement.

The country is facing a critical balance-of-payments deficit. The Government has taken extraordinary efforts, as outlined in the President's message of February 10, 1965, to reduce our deficit completely within the next year or so. In this effort, the President has requested the cooperation of U.S. businesses to restrain their investment in marginal projects and to so alter their operations abroad even at some financial cost in order to maximize the positive balance-of-payments impact of such activities. The President's message of February 10, 1965, stated that "to minimize the foreign exchange costs of our defense and aid programs, I am directing the Secretary of Defense, the Administrator of AID and other officials immediately to step up their efforts to cut overseas dollar costs to the bone."

It is definitely contrary to the policies declared by the President in his February 10, 1965, balance-of-payments message to permit the reallocation of 20 percent of the Development Loan Funds—presently tied 85 percent to U.S. procurement—to the World Bank and its affiliates which are not subject to such restriction. Since its inception through April 30, 1965, only 12.8 percent of the identifiable procurement of the International Development Association was U.S. procurement (i.e., \$31.5 million out of \$245.5 million). The procurement history of the World Bank shows that the following percentages of World Bank expenditures resulted in U.S. procurement in 1960, 1963, and 1964: (1) 29 percent in fiscal year 1960;¹ (2) 33 percent in fiscal year 1963;² (3) 31.5 percent in fiscal year 1964.³

In view of the continuing balance-of-payments deficits, it would be extraordinary for the Congress to authorize a blanket exception to the rules governing procurement under U.S. statutes and executive orders.

Thirdly, this change to section 205 is also inconsistent with other provisions governing U.S. bilateral aid. It avoids the following restrictions which presently govern U.S. bilateral aid:

1. Minimum interest rates on Development Loans (sec. 201(d)).
2. The restriction of section 620 and 620(e), the Hickenlooper amendment which offers substantial protection for U.S. foreign investment against expropriation; sections 620(a) to 620(m) which contain many policy directives of the Congress with regard to foreign aid, including restrictions on aid to countries trading with Cuba.
3. The requirement for detailed plans and cost estimates (sec. 611).
4. The requirements that 50 percent of Government-financed commodities be shipped on U.S. vessels (sec. 901(b) of the Merchant Marine Act of 1936, as amended)—a measure which also protects the U.S. balance-of-payments position.

This amendment is further inconsistent with the congressional action which recently approved \$750 million for the fund for special operations of the Inter-American Development Bank only upon the assurance of the Secretary of the Treasury that an agreement would be reached with the IDB that 80 percent of those funds would be spent in the United States.

It is also inconsistent with recent Senate action to apply the principles of the Hickenlooper amendment to the \$750 million appropriation for this fund. On February 25, 1965, the Senate voted in favor of this amendment by a vote of 60 to 22.

The amendment to section 205 would bypass the Hickenlooper amendment, section 620(e), providing for the cessation of U.S. bilateral aid to a country that expropriates the property of U.S. citizens without taking steps within 6 months to make adequate, full-value compensation in convertible currency for the expropriated property. Many Members of Congress and key State Department personnel have stated that the Hickenlooper amendment has had a salutary effect in a number of less-developed countries.

Finally, the new amendment would also bypass section 620(L), providing for the cessation of aid to countries not entering into a bilateral investment guarantee agreement against expropriation and convertibility by the end of 1965.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MORSE. I am delighted to yield.

Mr. DIRKSEN. I should like to have the attention of the Senator from Alaska [Mr. GRUENING] also.

I gathered from the explanation of the Senator from Alaska that he proposed to delete section 205. But the amendments that are presently being considered would not do that.

Mr. GRUENING. Yes; they would.

Mr. DIRKSEN. I am interested in deleting section 205 because it would leave us high and dry. While we furnish most of the money, we do not even have any appropriation control over the money.

Mr. GRUENING. That is precisely the purpose of the amendments.

Mr. DIRKSEN. But they would not do that. If the amendments of the Senator from Alaska would delete section 205, I would support them. Otherwise another amendment would have to be submitted.

Mr. MORSE. I have not had an opportunity to study the language of the amendments, but my understanding was that the section would be deleted.

Mr. LAUSCHE. Why does the Senator from Illinois say that the amendments would not accomplish the deletion?

Mr. CLARK. Mr. President, who has the floor?

Mr. MORSE. I have the floor.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. It is the opinion of the counsel for the committee, and also my own, that the net effect of the two amendments would be to leave section 205 of the present act exactly the way it is, but they would change the statement of intention in the statement of purpose and eliminate the Foreign Relations Committee amendment which would increase from 10 to 20 percent the amount which could be used for multilateral advances.

Mr. DIRKSEN. I say to the distinguished Senator from Oregon that the summation sheet issued by the committee shows that amendment No. 224 would strike out amended section 205, authorizing up to 20 percent of development

loan funds to the International Bank or its affiliates. That is not what the amendment would do. On pages 3 and 4 the language states, "delete subsection (b)," which has no relation to section 205 of the bill.

Mr. MORSE. I respectfully suggest to the Senator from Alaska that he confer immediately with legislative counsel and make certain that the amendments would carry out his expressed intention, which is what we are supporting. As the Senator from Illinois has pointed out, that is what I proposed and supported in committee. I assumed that the Senator from Alaska was making the the same proposal that I made in committee.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. It seems to me that Senators who wish to change section 205 and to change the committee's provisions amending 205, increasing the percentage of what could be used for multilateral advances, would have two positions, one of which would be to go whole hog and knock out not only the provision in the pending bill, but also the original section 205. That has not been done.

The other would be to do what has been attempted, which is to knock out the stepping up from 10 to 20 percent, the percentage which can be used for multilateral purposes, leaving the law as it now is, which permits 10 percent. Far be it from me to make any suggestions to my dear friends, but the yeas and nays have been ordered on the amendments. If the amendments are adopted, at least we shall be in a position where we shall have stricken out of the provision the increase from 10 to 20 percent, and we shall be at liberty to go ahead with another amendment to strike out section 205.

Mr. GRUENING. May I reply to the minority leader? This amendment reads:

On pages 3 and 4, delete subsection (b).

This relates to the use of facilities of the Redevelopment Association and reads as follows—

Mr. CLARK. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. CLARK. The fallacy of my friend's statement is that what he proposes to strike is the proposed new section 205, which would change existing law.

Mr. GRUENING. That is precisely what I wish to strike.

Mr. CLARK. But that is not what the Senator has done.

Mr. HOLLAND. That would put us back to the old law.

Mr. CLARK. That would put us back to the old law, as the Senator from Florida well says.

Mr. DIRKSEN. I hope we may have this question clarified, because I am willing to go back to the 10-percent provision in existing law; but to go to 20 percent, when we are already up to our ears in commitments, would not be acceptable. The International Development Association, with 92 countries associated

¹ Semiannual Report of the National Advisory Council on International Monetary and Financial Problems, June 23, 1964; H. Doc. No. 200, 88th Cong., 2d sess., p. 14.

² Ninth Special Report of the National Advisory Council on International Monetary and Financial Problems, Jan. 20, 1964; H. Doc. No. 60, 89th Cong., 1st sess., p. 20.

with us, could lend money to Cuba, and could not be stopped.

Mr. MORSE. Of course it could not be.

Mr. DIRKSEN. The IDA could ignore all our procurement criteria. It could nullify the Hickenlooper amendment. Aid could be given to a country that had expropriated American property, and there would not be a thing we could do about it. There would not be an iota of control in the Committees on Appropriations of the House and Senate.

I would not quarrel about 10 percent, because that is provided in existing law; but I do not want to go to 20 percent, because I feel that we are being very generous as it is.

Mr. MORSE. I agree with the Senator from Illinois. That is the position the Senator from Colorado [Mr. DOMINICK] and I took a few minutes ago on the floor of the Senate; it is the position the senior Senator from Oregon took in committee.

I suggest to the Senator from Alaska that he and his administrative assistant confer with Mr. Holt, counsel for the Committee on Foreign Relations, and with legislative counsel, to try to carry out the proposal I made in the Committee on Foreign Relations, which the Senator from Ohio [Mr. LAUSCHE] and other Senators supported, and which I thought the Senator from Alaska was seeking to implement.

Mr. CLARK. Is the Senator from Alaska content to leave the amount at 10 percent, as it now is?

Mr. MORSE. That is what I thought the Senator from Alaska was proposing.

Mr. GRUENING. We made that suggestion before, in an effort to have the amount removed entirely, and lost. I am now content to revert to the present 10 percent, which is what the amendment proposes. This discussion has now clarified the situation. The amendments as written would do precisely what I intended should be done.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. What is the view of the Senator from Illinois as to whether the entire concession ought to be eliminated or only that part which constitutes an increase?

Mr. DIRKSEN. I can only say that the moneys we have contributed were earmarked for Pakistan and India. India was to build a steel mill, when she was not ready for it. India did not have the skills; she did not have the personnel capable of laying it out.

Besides, this is what is known as the "soft loan window," because these are 50-year loans. The interest is so low that it is almost impossible to calculate it. This really is a concealed grant.

Mr. MORSE. That is the burden of my minority views.

Mr. LAUSCHE. I believe that all the percentage ought to be eliminated.

Mr. DIRKSEN. I would go along with that proposal, but I will be reasonable.

Mr. LAUSCHE. The entire 20 percent ought to be eliminated. My question is: What would be the position of the Sena-

tor from Illinois if it were proposed to remove all authority to use the money on a multilateral basis?

Mr. DIRKSEN. The reason why I would take it all away—and I will compromise, if I have to—is that the Bank does not need the money; the Bank is a moneymaker. The Fund does not need the money. So it is a fair assumption that the International Development Loan Association is going to get all this money. It is going to lend it on a 50-year basis at virtually no interest. So when I call it a concealed grant, that is exactly what it is. There is no control over the money. We cannot even dictate whether our vessels shall be used to carry American commodities. That question might be involved.

Mr. LAUSCHE. Would the Senator from Illinois support a removal of the whole amount?

Mr. DIRKSEN. I would; but I want to be certain that the amended language would do what we think it ought to do.

Mr. GRUENING. Does the Senator from Illinois agree that in its present form the amendments would restore the amount to 10 percent, which is what is intended?

Mr. DIRKSEN. Perhaps so.

Mr. GRUENING. I agree with the minority leader that the entire amount should be eliminated; but having been defeated last year, I thought we could not be successful this year. Therefore, I submitted a more moderate proposal.

Mr. DIRKSEN. The Senator should demonstrate his mettle.

Mr. GRUENING. The Senator from Illinois encourages me to go on.

Mr. DIRKSEN. I do.

Mr. GRUENING. If these amendments are adopted, perhaps I shall submit another one to strike the full amount.

Mr. DIRKSEN. That is fair enough.

Mr. GRUENING. Are Senators ready to vote?

Mr. MORSE. I am not ready to vote yet.

Mr. AIKEN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. AIKEN. Is not the practical aspect of the situation that there is a good chance of adopting the amendments offered by the Senator from Alaska to hold the amount at 10 percent, and that this proposal has an even better chance of being adopted than if we tried to strike out the entire amount?

Mr. MORSE. That is the point I was about to make. We who think the committee report should be modified, and that we should not act in haste tonight, may have an opportunity to greatly improve the bill. That is why I wanted to be certain we reached agreement as to what the amendments are designed to do. I have been holding the floor; I have not had an opportunity to study the proposal.

I have one more argument to make against the committee amendment.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DIRKSEN. To make certain that no one will think I am "talking by the

card," this is information we have obtained from D. G. Henderson, a consultant with the Committee on Foreign Relations:

Most of the loans are 50 years with no interest rate except a three-quarters of 1 percent service charge.

With 92 countries having subscribed \$1,700 million, we are "in hock" for \$632 million.

So when we lend money that way, it is a giving away of \$632 million, and for practical purposes we do not have a string on it and cannot stop the recipients from doing what they want with it.

Mr. MORSE. I completely agree with the Senator from Illinois.

Mr. LAUSCHE. The Senator from Illinois was not in the Chamber when I made a rather complete statement that it was my belief that those administering the fund, finding themselves limited in what they may do because of the Hickenlooper amendment, the Mundt-Lausche amendment, the 50-50 use of American and foreign ships, and other restrictions, have conceived the idea that they can circumvent the limitations by converting the loan programs into multilateral programs. The reason underlying the program is to convert it into a multilateral program.

Mr. MORSE. I ask the Senator from Illinois, the Senator from Ohio, the Senator from Alaska, and the Senator from Pennsylvania this question: Am I correctly advised that those Senators have reached agreement that the amendment in the form submitted by the Senator from Alaska would have the singular effect of eliminating only the proposal to increase the amount of the funds that can go into the multilateral program from 10 to 20 percent; and that if the Senate should adopt the Gruening amendments, it would mean that the law would remain as it is at the present time?

Mr. CLARK. That is my understanding.

Mr. DIRKSEN. Do not misunderstand my position that if a proposal were made to strike out the entire amount, the circumstances being what they are, I would support it.

Mr. MORSE. Very well. That brings me to my second point. I should like to have the attention of the Presiding Officer and the Parliamentarian.

If the Gruening amendments were adopted, we would not be estopped tomorrow or the next day, or any other time, from offering an amendment to eliminate the entire program involving 10 percent, would we?

The PRESIDING OFFICER. (Mr. HARRIS in the chair). You would not.

Mr. DIRKSEN. Mr. President, Senators should be present to find out what this is about. The facts are irrefutable. We know now what has been done. We know that we have no control over the matter. I do not mind being generous. However, I do not want to be foolish. I feel that we would be foolish if we were to accept this proposal.

Mr. MORSE. That is exactly the position I took, along with the senior Senator from Ohio, before the commit-

tee. We were defeated. We are now seeking to go back to the position that we took before the committee and have the Senate approve it.

I shall forego making any further argument other than to say quickly, in a broad brush stroke, that there is no reason why the recommendation of the Committee on this multilateral matter should not be agreed to. We have a bill before us which, if it is passed by the Senate, would provide for the appointment of a special commission to make a review study of the entire program on foreign aid for the next 15 months or so. That should be one of the major problems for the committee to review before it decides what its recommendations should be.

I do not believe that we should proceed to enact legislation on this controversial subject when there are such variances in points of view.

I believe that we should let the status quo stand and let the committee decide, after a survey, what recommendations it wishes to make in regards to expanding the multilateral approach.

If we obtain a group of men who really dig into this matter, the group will share the viewpoint which I expressed in my minority views. I have brought out every point that the Senator from Illinois has made in his suggestions for the adoption of the now generally understood import of the amendments offered by the Senator from Alaska.

I shall say nothing further at this time, although I have another subject matter connected with the amendment that I could just as well discuss in connection with another amendment.

Mr. DIRKSEN. Mr. President, if the Senator will yield, I suggest to the Senator from Alaska that he ask that the order for the yeas and nays be vacated, and that there be no vote on his amendments tonight. Let us have a little more explanation when more Senators are present tomorrow. I want Senators to understand what this is all about. Frankly, I feel rather deeply about it.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. I say to the distinguished minority leader that his melodious words are music to my ears.

Mr. DIRKSEN. Music, or amusing?

Mr. GRUENING. Music. It is beautiful music, melody, harmony, symphony. For many years I have sought to demonstrate on the floor of the Senate that the so-called foreign aid loans at $\frac{3}{4}$ percent were concealed grants. The many times that I tried to rectify the situation we got slight improvement in the loan interest rate when the lending terms were controlled by the Senate. Then, the Senate gave a part of the control to the international banks with the regrettable consequences that the minority leader has now pointed out.

I share his viewpoint. I have expressed it repeatedly by requesting that we rescind the order for yeas and nays, we could reopen the question and perhaps eliminate the giveaway completely.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. I regret very much, as the Senator temporarily in charge of the opposition to this particular amendment, that I cannot approve the unanimous-consent request to vacate the order for the yeas and nays. It may well be that the chairman of the Committee on Foreign Relations will be back later. However, I suggest to my good friends the Senator from Oregon and the Senator from Alaska that it may not be desirable to vote tonight.

Mr. MORSE. That is what I was about to suggest.

Mr. CLARK. I do not see any point in the request to vacate the order for the yeas and nays. If the amendments should be rejected, the committee proposal would be approved. If the amendments were agreed to, it would still be within the authority of the Senator from Alaska and the Senator from Oregon to propose to strike section 205, which the House bill retained.

Mr. MORSE. That is the ruling that I have obtained from the Parliamentarian.

Mr. CLARK. My suggestion is that instead of asking unanimous consent to rescind the order for the yeas and nays, which I would have to object to reluctantly, we continue to debate the measure and put the vote off until tomorrow.

I ask the majority leader if that would be agreeable to him.

Mr. MANSFIELD. Mr. President, I should hope—and I believe I can speak for the chairman of the committee—that the distinguished Senator temporarily in charge of the bill would agree to the request. What we are having is a confused and compounded situation which could raise nothing but difficulty for all of us in the hours ahead.

I believe that it would be the better part of discretion to allow the distinguished Senator from Alaska to withdraw his request for the yeas and nays and get the matter straightened out tomorrow. I believe that it would help to expedite the measure.

Mr. DIRKSEN. Mr. President, we could offer an amendment to strike out all of section 205 with one exception, notwithstanding the yeas and nays. We would not have to obtain consent to it. So, there is nothing to gain whatsoever by resisting a request to rescind the order for the yeas and nays. If no other Senator does so, I shall offer an amendment in the nature of a substitute.

Mr. PASTORE. The Senator could ask for the yeas and nays on the pending amendments.

Mr. DIRKSEN. Surely.

Mr. CLARK. Mr. President, far be it from me to oppose my distinguished majority leader and the very able, melodious, and persuasive minority leader.

Mr. DIRKSEN. I thank the Senator.

Mr. CLARK. However, I should like to be clear on what we are doing. We are not to vote in connection with this proposal tonight.

Mr. MANSFIELD. The Senator is correct.

Mr. CLARK. Under those circumstances, the Senator from Alaska would have until tomorrow morning to prepare the form of the new amendment which

he desires to present. With the understanding that we are not to vote tonight, I have no objection to the Senator asking unanimous consent to rescind the order for the yeas and nays.

Mr. GRUENING. Mr. President, in response to the Senator from Pennsylvania I see no reason for withdrawing the amendments, although we might get better results.

Mr. CLARK. I believe that we would be far better off if we were to get a vote on the amendments. Why does the Senator wish to rescind the order for the yeas and nays?

Mr. GRUENING. Because the minority leader thought it would be helpful to have it done, to achieve a result we both would welcome.

Mr. CLARK. There is no reason that we cannot discuss it this evening or tomorrow. That has nothing to do with the yeas and nays. I ask the Senator from Oregon for his view.

Mr. MORSE. Mr. President, the Senator from Alaska can ask unanimous consent to rescind the order for the yeas and nays, and we would be ready tomorrow to do anything we wish.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD just before the unanimous consent request about the voting tomorrow a 1-page statement relative to the amendment.

Mr. MORSE. And let it appear at the point at which the Senator from Arkansas is recommending.

Mr. FULBRIGHT. Yes, have it placed in the RECORD at the point where the unanimous consent request was made.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN AID AMENDMENT No. 224

This would strike out section 205 of the act as amended by the committee bill so as to enable the President to make available up to 20 percent of development loan funds to the International Bank or its affiliates.

The amendment would leave section 205 as it now is in the existing law which authorizes the President to lend up to 10 percent of development loan funds to the International Development Association.

The real issue here is one of bilateral versus multilateral aid.

There is abundant evidence that multilateral arrangements are not only more efficient in hardheaded bankers' terms but that they also generate much less political friction between the United States and the recipient country.

The committee bill does not imply that the United States is going to write a blank check to some international organization or that it is going to lose all control over its money. The International Bank for Reconstruction and Development and its affiliates have made an enviable record which is universally admired by those who are familiar with it. The consortium which the World Bank has organized to develop the Indus River Basin in India and Pakistan has been highly successful and could well serve as a model in

other parts of the world. A multilateral approach is at the heart of President Johnson's plan for southeast Asia and discussions are underway for an Asian development bank to play a major role in this plan.

In addition there are a number of other multilateral devices which warrant further exploration and development—such as, for example, the Development Assistance Committee of the Organization for Economic Co-operation and Development and the Inter-American Committee for the Alliance for Progress.

Mr. MORSE. Mr. President, this is not a suggestion on my part, but I am perfectly willing to consider any unanimous-consent agreement on time to vote on the amendment tomorrow. However, if Senators desire to let that matter go until tomorrow, that is agreeable.

UNANIMOUS-CONSENT REQUEST

Mr. MANSFIELD. Mr. President, I believe that the Senator from Oregon has made a sensible and reasonable request. I believe it would help to expedite the business of the Senate.

I suggest, therefore, that the vote be held at 1:30 tomorrow afternoon, the time to be equally divided between the Senator temporarily in charge of the bill, the Senator from Pennsylvania [Mr. CLARK], or whoever may be designated, and the Senator from Alaska [Mr. GRUENING].

Mr. CLARK. Mr. President, reserving the right to object, and I shall not object, I take it that the distinguished majority leader incorporates in his unanimous consent request, the request to vote on whatever amendment the Senator from Alaska may choose to offer tomorrow on the subject of multilateral aid. The Senator from Alaska may well change his mind overnight and decide that he wants to repeal section 205.

Mr. GRUENING. At present, I am in complete agreement with that suggestion.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Will the Senator from Montana state when the time limitation would begin under his request?

Mr. MANSFIELD. 12 o'clock.

Mr. BASS. Mr. President, will the Senator state that it will be possible to vote immediately thereafter on passage of the bill?

Mr. MANSFIELD. I wish it were possible.

Mr. MORSE. I do not believe the Senator wishes that.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

The unanimous-consent agreement, as reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That the Senate proceed to vote not later than 1:30 o'clock p.m. on Thursday, June 10, 1965, on amendments numbered 221 and 224 offered by the Senator from Alaska [Mr. GRUENING], to the bill S. 1837, to further amend the Foreign Assistance Act of 1961, as amended, and for other purposes.

Provided, That all time for debate between 12 noon and 1:30 o'clock p.m. on Thursday, June 10, 1965, shall be equally divided and controlled by the Senator from Alaska [Mr. GRUENING], and the Senator from Pennsylvania [Mr. CLARK], or any Senator designated by him.

AUTHORIZATION FOR COMMITTEE ON PUBLIC WORKS TO MEET UNTIL 1 P.M. TOMORROW

Mr. MANSFIELD. Mr. President, after discussing the matter with the distinguished minority leader [Mr. DIRKSEN], I ask unanimous consent that the Committee on Public Works be allowed to meet until 1 o'clock tomorrow afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, in further cooperation with the leadership, I am about to complete my argument on these amendments now, so that other Senators may use the time tomorrow.

Now that we have disposed of the parliamentary tangle, I wish to develop a little further my argument in opposition to the committee's recommendation to increase from 10 to 20 percent funds to be made available to multilateral financial organizations.

The majority of the committee find themselves in a rather indefensible position when they argue for this rather major change in foreign aid policy and at the same time agree to the Morse amendment in the bill as it came from the Foreign Relations Committee. The latter provides that the entire matter of foreign aid will be subjected to a full review and analysis between now and fiscal year 1967—an amendment which provides that the 1965 foreign aid program as it now operates will automatically come to an end, and that whatever foreign aid program we shall have thereafter will be a new foreign aid program, based upon recommendations the special committee is expected to bring forward after a year and a half of intensive study of foreign aid.

If we are to have a study of foreign aid, I do not think we ought to adopt a change in foreign aid policy as major as this change is.

I took this position in committee: I thought the committee ought to wait; that out of respect to the committee which is to be appointed, it ought to wait; that in fairness to those of us who are in such complete disagreement with a majority of the Foreign Relations Committee on so many aspects of foreign aid as it presently exists, the committee ought to wait until it receives the report that will flow from the intensive study which the special commission will bring forth, if the proposal survives in conference, as I hope and believe it will.

For that reason, the chairman of the Foreign Relations Committee, himself, after further reflection on this matter, should support those of us who believe that we ought to defeat the section of the bill as reported from the Foreign Relations Committee that would increase the contributions of American taxpayers' money to foreign financial bodies from 10 percent to 20 percent.

The Senator from Ohio [Mr. LAUSCHEL] raised another point that he did not develop to the degree that I think it ought to be developed. It is a delicate matter. Mr. President, after all, I must sit here and vote on foreign policy matters in light of what I think is the attitude of the State Department and the AID agency in respect to congressional checks. I am sorry to say it, but I am completely convinced that it has been the attitude of the State Department and the foreign aid people for some years that they are not desirous of letting the Congress exercise in full its congressional rights and prerogatives and constitutional checks if they can, by circumvention, by various proposals, invade congressional legislative authority and get the Congress to delegate away to the State Department and the AID authorities more and more aid authority.

It is a serious charge, but I mean every word of it. I do not believe the State Department and the AID officials really have a desire to frame a foreign policy with the Congress of the United States consonant and consistent with the legislative authority of the Congress.

To put it another way, and perhaps a little more bluntly, there is an attitude on the part of the State Department and AID officials that Congress is merely a necessary evil. They would like to reduce the impact of the word "necessary" as much as possible and try to reduce Congress to as unnecessary an evil as possible.

That is too bad, for it is just as important to the executive branch that Congress be perpetuated in its constitutional strength and power as it is that the executive branch of the Government be guaranteed and assured its full executive power.

I take great pride in the fact that in the 20 years I have served in the Senate I have always risen to defend the powers of the executive branch whenever there was any attempt of the part of the Congress to encroach on the executive power. It is just as important to me as a Senator as it is to the Secretary of State, or the Director of AID, or any other Cabinet officer, or the President himself, to retain the executive power of our form of government in full bloom and force at all times.

Mr. President, I shall not regale the Senate tonight with the many instances in which this has been my record, but how well I remember, at the time of the McCarthy hearings—that an attempt was made on the part of Congress to invade the Executive's right in connection with the separation of powers doctrine—that I was the one who led the fight in behalf of the executive branch in defense of Executive power.

Time and time again in my 20 years in the Senate, on the doctrine of executive privilege, an attempt has been made on the part of Congress to impinge upon the doctrine of executive privilege. I have never allowed anyone to get ahead of me in insisting that the powers of the Executive be preserved.

We are not going to be able to retain the strength which our constitutional

fathers intended this system of government to have, based upon three coordinating and coequal branches of the Government, if we as Senators ever sit in this Chamber and permit any infringement on Executive powers to be practiced against the executive branch; but, likewise, we as Senators will not be protecting the people of the country and their constitutional freedoms if we sit in this Chamber and proceed to delegate more and more legislative power to the executive branch, hiding behind the rationalization and the alibi that Members of Congress have so often heard advanced, "We did not delegate, really, any Executive power. We only delegated administrative authority."

Mr. President, in most instances that is only a lot of "hokum." It is an excuse, not a reason, for doing what Congress does.

I make these points because at the heart of the proposal of the majority on the Committee on Foreign Relations is the attempt to delegate away from Congress effective control over the determination of the expenditure of American taxpayers' dollars by foreign financial agencies, on which the United States has only representation.

I do not mean to open up old sores, but let the record speak for itself. I have not been willing to delegate away from Congress its constitutional authority or its constitutional duty under article 1, section 8, of the Constitution of the United States, in regard to the power to make war.

It will not be many months before many Senators will be wishing they had not granted to the President the delegation of power which he was given on August 12, 1964. Relatively a few days ago, in effect, the bill passed to grant the President \$700 million to fight an undeclared war in Asia was only a vehicle to give him another vote of confidence through a delegation of power which Congress, under the Constitution, does not have the power to make. The fact that it goes along and makes it does not make it either legal or constitutional.

That is the principle involved: The question whether Senators are going to be jealous—as our voters have the right to expect us to be—of the inherent power of the Senate—in this instance, to maintain control over the expenditure of taxpayers' money involved in any authorization or appropriation bill in respect to foreign aid.

The Senator from Illinois [Mr. DIRKSEN] pointed out that what we are really doing is pouring more money through the soft loan window of IDA, and even more money through the windows of other foreign financial bodies on which we have only representatives sitting, but do not have control. They will make the decisions as to how the American taxpayers' money will be spent in a so-called foreign aid program. It ceases to be a U.S. foreign aid program. It becomes a foreign-country-controlled foreign aid program, but with huge sums of American taxpayers' money involved.

Let us be frank about it. Every Member of this body and every Representative in the House knows very well that

99.9 percent of the American people do not understand that fact, are oblivious to it, or are ignorant of it. But, if we could get them to understand it, I have no doubt as to what their verdict would be. It would not be complimentary to politicians. It would not be complimentary to Members of the Senate.

I can hear them saying to Members of the Senate: "That is not what we sent you back to Washington to do. We did not send you back to Congress to give away our rights."

I point out that the checking powers of the Senate are powers which do not belong to the Senate. They belong to the American people.

Senators are merely the political agents of the American people. Senators have no right to delegate away their constitutional checking powers without telling the American people in advance what they are doing, taking the time to make certain that the American people understand what is being proposed.

This is not the first time this plea has been made in this Chamber throughout the history of the Republic. I seek only to walk in the footprints on the carpet in this Chamber of former Senators—great statesmen whose footprints I cannot hope to fill but who, nevertheless, are a great inspiration to me.

I make this plea tonight, in respect to preserving the power of checks in Congress against a State Department and a foreign aid administration that has stated over and over again that it looks upon Congress as only a necessary evil, something to circumvent whenever it believes that Congress is standing in the way of its exercise of their personal discretion.

The plea that I make in opposition to an attempt on the part of the State Department and the foreign aid administration to try to get Congress to delegate this basic legislative authority carries out the teachings of the great men who have served in this body from the beginning of the history of our Republic.

The issue of maintaining a system of government based upon three coordinate and coequal branches of government involves a controversy between the executive and legislative branches of the Government as old as our history. It broke out in the first administration of George Washington. It has involved a continuous battle between the legislative and executive branches of Government from administration to administration throughout our history. I challenge my Senator to find a single administration of a single President in our entire history in which this issue was not raised.

The interesting thing is that although there have been examples of attempted infringement of the legislative branch of the Government upon the constitutional powers of the executive branch of the Government, in an overwhelming number of instances the attempt at encroachment upon this precious guarantee of protecting the people by a check and balance system has been carried on by the executive branch of the Government.

There are many reasons for that. One reason for it is that in the executive

branch of the Government, by its very nature, there is centralized administrative control. Cabinet officers and the heads of departments do not like to displease the President. There is a tendency on the part of Presidents—I speak impersonally—to seek to exercise more and more discretionary authority. When they seek to take unto themselves more and more discretionary authority, the temptation becomes very great, as well as the opportunities, to yield to the temptation to try to impinge upon the constitutional checking authorities of Congress. That is why we must be on guard.

There is another reason why there is a tendency on the part of the executive branch of the Government to be more guilty than the legislative branch of the Government of attempts to weaken our system of checks and balances based upon this guarantee of three coordinate and coequal branches of government. The reason is straight partisan politics.

I am often amused to hear the argument made in the Senate and in the cloakrooms: "That is what the President wants. You have to support the President. That is what he wants. You know very well what he can do to get it."

I always reject those arguments as plain sophistry and expediency. The people of the United States did not send us to the Senate to give the President what he wants. The people sent us to the Senate to support the President when we think that on the merits of the issue he is right. That is quite a different thing.

Therefore, I say that one of the reasons, in my judgment, why there has been more and more delegation of legislative authority over the past 25 years than during any other span of years in the history of our country is that too many Members of Congress have surrendered to partisan politics. They have no right to do it. I have never been known, and I shall never be known, to agree to the argument that we hear in party caucus, which is called a conference, that we must go down the line with the President, as though we were some kind of renegades or traitors or worse if we even venture the suggestion that the President or the administration is wrong on the merits.

We have no right to sit here in the Senate and vote for something because the President is seeking it, unless the President can make a case on the merits. I do not want anyone to be fooled about the history of this proposal of the Foreign Relations Committee.

The delegation of more and more congressional checking power over the expenditure of American taxpayer money to international financial bodies controlled by foreigners is what this administration wants. It ought to be whipped in its attempt to get it. This is what the Secretary of State wants. This is what the Director of Foreign Aid wants. They do not want anything that the President does not want.

I do not propose, as a Democrat, to give to my Democratic administration any authority that violates the constitutional guarantee that the American

people shall have preserved for them a system of three coordinate and coequal branches of government, each branch exercising precious constitutional checks on the other.

I wish to say from the floor of the Senate tonight: "Mr. President, you ought to tell the Secretary of State and your Director of Foreign Aid to make clear to the chairman of the Committee on Foreign Relations that you have had a second thought about this matter, and that you are willing to let the law stand as it is now written."

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. I wonder whether the Senator, as a constitutional lawyer, could inform me whether he thinks there is any constitutional violation in turning over our taxpayer dollars to foreign countries to have them dispose of them as they see fit, without any further control by Congress or, indeed, by any part of our Government.

Mr. MORSE. I do not believe there is any constitutional problem if Congress is so derelict in its sense of responsibilities as to give away taxpayer money in that way.

The sad thing is that we have the power to give away taxpayer money. That is what this amounts to. It is too bad, but that is it. That is all the more reason why we have a solemn duty to the voters who have sent us here to see that that kind of delegation is not practiced by Congress.

Mr. GRUENING. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. GRUENING. I was pleased to note that from the other side of the aisle there came tonight a vigorous recognition of what the Senator from Oregon and I have been trying to get across for these many years; namely, that the so-called loans at three-quarters of 1 percent interest, with no repayment of principal for 30 or 40 or 50 years, were concealed grants. The recognition of our efforts to introduce a little fiscal responsibility is very gratifying, even though it has come a little late. I hope that that recognition will spread to a majority of the Members of Congress.

Mr. MORSE. It is encouraging. As chairman of the Subcommittee on Education I say that it has given all of us further encouragement regarding the educational process.

Mr. GRUENING. It shows that we should not be discouraged but that we should fight on.

Mr. MORSE. We should never be discouraged. It is surprising, as the Senator from Alaska well knows, how frequently a student will blossom out all at once, having by osmosis or some other process taken in the nourishment that is obtained through knowledge.

Facetiousness aside, I now return to my concluding comments on the problem raised by the Foreign Relations Committee. I hope that tomorrow the Senate will reflect long enough to give consideration to the abstract principles of constitutional government that I have tried to present once again in the Sen-

ate and adopt the amendment of the Senator from Alaska.

Of course, I would have them go further and make clear to the administration that we are not even going to permit the present law, with its so-called 10-percent contribution, to stand, for here is a place where reform in foreign aid is crying out for attention.

I hope that the Senate will adopt the amendments of the Senator from Alaska. I commend him for the great service that he has rendered to the Senate over the years, year after year, pointing out the seriousness of the situation. As he knows, I made the fight in the Foreign Relations Committee this year, but I was delighted to have the Senator from Alaska take up the burden of the fight on the floor of the Senate. I assured him that I would give him every bit of support that I could give him when his amendment was before the Senate. That I have tried to do.

I have concluded, unless the Senator from Alaska wishes to ask a question.

Mr. GRUENING. I merely wish to thank the Senator from Oregon and to tell him how much I admire and appreciate his unflagging effort to improve our foreign aid program, to protect the American taxpayer, and to make it a more effective program. I have been very happy to have followed his leadership on these questions. His leadership is that of a far more experienced legislator and a longtime member of the Foreign Relations Committee. He has rendered and is continuing to render a service that cannot be praised too highly.

MODIFICATION OF AMENDMENT NO. 221

Mr. GRUENING. Mr. President, I ask that my amendment No. 221 be modified by inserting in line 4 the word "that" between "and" and "the".

The PRESIDING OFFICER. Without objection, it is so ordered.

MODIFICATION OF AMENDMENTS

Mr. MORSE. Mr. President, my amendment dealing with individual countries contains a typographical error which I should like to correct at this time. The last line on page 1 of my amendments Nos. 243, 245, 246, 247, 248, 249, and 250 are modified to read "Foreign Assistance Act of 1965" instead of "Foreign Assistance Act of 1963." The "1963" is a typographical error. I ask unanimous consent that the modification be made.

The PRESIDING OFFICER. Without objection, it is so ordered.

INVESTIGATION OF ROBERT G. BAKER BY COMMITTEE ON RULES AND ADMINISTRATION — PERSONAL STATEMENT BY SENATOR WILLIAMS OF DELAWARE

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent to have printed in the RECORD an item appearing on the U.P.I. wire service today announcing that the majority members of the Committee on Rules and Administration have ditched the earlier report prepared by one of their staff members.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

WASHINGTON.—Democrats on the Senate Rules Committee today adopted a short report, without criticism of Senator JOHN J. WILLIAMS, Republican, of Delaware, on the Bobby Baker investigation.

The six Democrats on the committee voted unanimously to approve the report and, in effect, ditch a 100-page effort strongly critical of Williams' role on the investigation.

The longer report, authored by the committee staff under the direction of special counsel Lennox P. McLendon, was never considered at today's session.

It was leaked several weeks ago and drove WILLIAMS to a series of floor speeches in which he defended his actions and challenged Democrats on the committee to support or reject the charges in the report.

Mr. WILLIAMS of Delaware. Naturally I am glad that the majority members of the Rules Committee backed down on the suggested criticism which had first been outlined in the report prepared by one of their staff members. There had never been any doubt in my mind but that ultimately this would be the result. They had no choice when challenged.

From the beginning this has been one of the most underhanded attempts to discredit a Member of the Senate that I have ever witnessed.

This report was prepared by a member of the committee's staff and then leaked to the press with the implication that it represented the views of the Democratic members of the Committee.

Significantly, at no point has a single member of the committee ever defended this staff report or accepted it as representing their views; however, their failure to repudiate the report was clearly leaving just that impression. It was not until I challenged them to come to the floor of the Senate and present their criticism in my presence and in the presence of the full Senate that they decided to back down.

With this phase of the case now closed, I shall await with interest to see what criticisms or recommendations the report contains concerning Mr. Baker and his activities. After all, this was the primary purpose of the investigation.

MIGRATORY AGRICULTURAL WORKERS

Mr. WILLIAMS of New Jersey. Mr. President, in 1951 Congress enacted Public Law 78 as a temporary 2-year measure to bring Mexican Nationals into this country for farmwork. Renewals of the act during the 1950's for continued 2-year periods of time met with only nominal floor opposition.

Beginning in 1960 the importation of foreign farmworkers came under sharp attack from a large number of Representatives and Senators. Because of the increasing public opposition to the adverse effect foreign workers were having on American employment and wages, Congress in 1963 extended Public Law 78 for 1 year only and terminated it permanently on December 31, 1964.

Today we find that some parts of the farm community, and even some Members of this body, have launched a critical dialogus against Secretary of Labor Willard Wirtz because of the reduction in the number of foreign workers available for farmwork.

I, for one, realize that Secretary Wirtz is not responsible or accountable for the actions of Congress in terminating Public Law 78. His duty is to carry out the intent of Congress. It would be well, I think, for all Members of Congress to understand that if criticism is warranted on the foreign worker question, it should be directed to Congress rather than to the Secretary of Labor.

As Chairman of the Subcommittee on Migratory Labor, I have carefully studied the farm labor problem and the effects of the termination of Public Law 78 on our farm labor supply. As a result of my work in this area, I have come to the conclusion that, although the loss of foreign farm workers may have caused temporary inconvenience to some farmers, there is in fact in most instances an adequate available supply of domestic labor which is willing and able to do the job which foreign farm workers have previously performed.

The facts in my possession show that crops are not rotting in the fields as has been contended and that agricultural production has not been curtailed. In most instances sufficient domestic farm laborers have been recruited, where thorough attempts have been made and decent wages and working conditions have been provided. The cost to both the consumer and farmer of the use of American workers even at higher wages than those previously paid to foreign laborers has only been minimal.

I realize, however, that this transitional period is a most difficult one replete with many complicated and vexing problems. Secretary Wirtz has handled these problems with a minimum of difficulty and inconvenience to the parties involved. Where domestic workers have been unavailable, foreign workers have been authorized. Only in one instance has his judgment been questioned. In this instance, after a Federal District Court in Florida upheld the Secretary's authority to exclude foreign workers, Attorney General Katzenbach allowed 500 West Indians to remain in Florida for an 8-day period to help complete the harvest of the celery crop. I might add that these workers performed tasks which domestic workers have historically shown great reluctance to perform. These tasks involve back breaking, arduous labor and, therefore, compensation for this type work should be at premium wages. It is not surprising, therefore, that growers would rather use foreign workers who are currently being paid \$1.15 an hour and are making approximately \$12 per day on a piece rate basis.

SECRETARY WIRTZ DID NOT TERMINATE FOREIGN WORKER PROGRAM

Much has been said over the past few weeks concerning the lack of an adequate supply of farm labor to harvest our Nation's crops. We have been told that there is an insufficient supply of domestic farm labor and that Americans are unwilling and unable to perform the stoop labor necessary to insure a successful harvest. It has been alleged that because of the lack of labor crops are rotting on the ground in California and in Florida. Much of this criticism has

unjustly fallen on the shoulders of the Secretary of Labor Willard Wirtz.

SECRETARY WIRTZ CARRYING OUT CONGRESSIONAL INTENT

When Congress deliberately terminated Public Law 78 on December 31, 1964, it was its intent to end the importation of foreign farm labor. This labor for many years had deprived qualified Americans from jobs in all fields and caused unemployment and substandard living conditions and wages.

Proponents of the Public Law 78 were warned as early as December 3, 1964, in a speech on the Senate floor by the distinguished Senator from Louisiana [Mr. ELLENDER], chairman of the Committee on Agriculture and Forestry that:

It is my belief that by giving this notice in advance, the proponents of this law will be warned that the Senate will not act again on this measure and that they must begin to look elsewhere for relief.

On the same day, the distinguished Senator from Colorado [Mr. ALLOTT] said:

I realize that this bill can probably never again come before the Senate. I, too, am practical.

The distinguished Senator from Florida [Mr. HOLLAND] said:

I understand that the distinguished gentlemen have indicated that this commitment is to an extension of 1 year and not beyond that time.

The Senate was warned at that time that the public would not continue to tolerate the substandard living and working conditions forced on American agricultural workers by the importation of cheap foreign labor.

CONGRESS DID NOT INTEND TO SUBSTITUTE PUBLIC LAW 414 FOR PUBLIC LAW 78

The intent of Congress in ending the foreign worker program was not merely to change the program's label from Public Law 78 to Public Law 414.

In California's Ventura County, the heart of the State's lemon groves, where foreign workers have been used in great numbers in the past and where growers on numerous occasions have called for their continued use under Public Law 414, the Ventura County Star-Free Press stated in its April 2, 1965, editorial:

If the Congress were to abolish some long-standing program of social welfare and if an executive department were to continue the program through some back-door gimmick, can you imagine the reaction of congressional conservatives? Their outraged cries over the disregard for congressional authority would sound all the way to Ventura. And well they should.

Strange then that conservatives in the Congress are asking the Secretary of Labor to circumvent congressional intent in the importation of farm laborers. That is what some Congressmen did yesterday—with Representative CHARLES TEAGUE, Republican, of Ojai, among them—when they asked Labor Secretary Wirtz to authorize the use of farmworkers where needed.

It is one of the curious aspects of the current farm labor problem that Secretary Wirtz is blamed for the lack of farmworkers when it was the Congress which, after long deliberation and ample warning, terminated the bracero program.

If the importation of foreign workers is to be reinstated, even partially and temporarily, it should be reinstated by the Con-

gress, not by Mr. Wirtz whose authority in the matter stems only from misuse of the immigration law.

I am certain that no Senator would want Secretary Wirtz to usurp the powers of Congress in this field. This merely follows close on the heels of the eloquent statement of the distinguished Senator from Oregon, who so clearly defined the powers and the responsibilities of the respective branches. Mr. Wirtz is only following congressional intent in what he is doing in this field of activity.

The Secretary of Labor should not be abused as he is in this instance. He should be applauded by Senators. Certainly no one here today would want the Secretary of Labor to usurp the powers of Congress in this field.

During the debate on the last extension of Public Law 78 the Senate was well aware that the domestic farm labor force had been declining at an average rate of 200,000 persons a year for the last decade. Many of those displaced from the farm, being unskilled and uneducated, were concentrated in the slums of our cities, unemployed and destitute. It was intended at that time to give these unemployed farmworkers an opportunity to find agricultural employment without having to compete with foreign workers.

CONGRESS INTENDED STRICT ADMINISTRATION OF PUBLIC LAW 414

The provisions of Public Law 414 specifically provide that the importation of foreign farmworkers for temporary employment shall not have an adverse effect on the wages, working conditions and job opportunities of American farm labor. The Congress laid down these provisions, not Secretary Wirtz.

In order to carry out the congressional intent, the Secretary of Labor on December 19, 1964, announced that Public Law 414 would be strictly administered. At the same time, he announced a set of criteria which would have to be met before foreign labor would be admitted to this country. Those criteria are not unreasonable. They call for an absolute priority for domestic farmworkers in all available employment. Adverse effect wage rates were established for each State in which foreign workers had previously been employed to be offered to domestic workers. In addition, a minimum standard of hygienic housing and sanitary facilities and insurance comparable to workman's compensation was to be offered to domestic workers. Also included under the criteria set forth were transportation from the place of recruitment to the place of employment and return for all workers completing 50 percent of the contracted for working period; and a guarantee of employment for at least three-fourths of that working period.

These are essentially the same guarantees which have been offered to the braceros in the past. As the April 2, 1965, editorial in the Ventura County, Calif., Star-Free Press from which I have previously quoted so aptly stated:

There is some reluctance on the part of growers to grant Mr. Wirtz the power to set wage standards and particularly so since the scale he prescribes for California agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
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HIGHLIGHTS: Senate debated foreign aid authorization bill. Several Senators discussed discontinuance of Mexican farm labor program. House Rules Committee cleared revised disaster relief bill. Rep. Nelsen criticized CSC's "delay" in investigation of "armtwisting" in REA. Sen. Ribicoff introduced and discussed bill to establish summer lunch program.

SENATE

1. FOREIGN AID. Continued debate on S. 1837, the foreign aid authorization bill. Agreed to, 73-13, a Harris amendment barring aid under this bill or certain agricultural sales to UAR or Indonesia while they commit aggression. pp. 12644-56, 12679-82, 12691-2
2. ARTS AND HUMANITIES. Passed with amendments S. 1483, to establish a National Foundation on the Arts and Humanities, including a provision requiring the Federal Council to promote coordination between the programs of the Foundation and related programs of other Federal agencies. pp. 12635-43
3. FARM LABOR. Sens. Murphy, Holland, and Williams of N. J. discussed the effects of discontinuance of the Mexican farm labor program. pp. 12695-709
4. APPROPRIATIONS. The agricultural subcommittee of the Appropriations Committee

concluded its hearings on H. R. 8370, the agricultural appropriation bill. p. D509

Received from the Calif. legislature a resolution opposing the proposed discontinuance of utilization research on western rice. pp. 12721-2

Received from the Okla. legislature a resolution recommending continuation of the Agricultural Conservation Program at the current \$250,000,000 level. p. 12722

5. FARM PROGRAM. Sen. McGovern inserted statements regarding the "farm crisis in South Dakota" as a result of decreased farm income. pp. 12742-6
6. EXCISE TAXES. The Finance Committee voted to report (but did not actually report with amendments H. R. 8371, to reduce or repeal certain excise taxes. p. D509
7. POVERTY. Sen. Proxmire defended administration of the poverty program. pp. 12685-90
8. FOREIGN TRADE. Sen. Proxmire inserted and commended a speech by Federal Reserve Board Member Robertson, "The Balance-of-Payments Problem, Short-Term Relief and Long-Term Remedy." pp. 12692-5
9. PERSONNEL. Sen. Hartke spoke on the "dangers" of appointing military men to civilian positions. pp. 12709-20
10. RECLAMATION; ELECTRIFICATION. The Interior and Insular Affairs Committee reported with amendments S. 599, to authorize the Auburn-Folsom south unit, American River division, Central Valley project (S. Rept. 312); and without amendment S. 1761, to authorize a third powerplant at the Grand Coulee Dam (S. Rept. 314) p. 12724
This Committee also ordered reported (but did not actually report) S. 602, to broaden the scope of the Small Reclamation Projects Act (amended), and S. 32, authorizing the southern Nev. water project (amended). pp. D509-10
11. WATER RESEARCH. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 24, to increase authorizations for expansion and extension of the saline water conversion program. pp. D509-10

HOUSE

12. FLOOD CONTROL. Concurred in Senate amendments to H. R. 6755, authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control. This bill will now be sent to the President. pp. 12750-1
13. DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, 1966. Conferees were appointed on this bill, H. R. 6767. Senate conferees have already been appointed. p. 12751
14. MILITARY CONSTRUCTION. Passed as reported H. R. 8439, to authorize certain construction at military installations. The bill includes authorizations for payments to the Commodity Credit Corporation for having financed certain family housing through the sale of surplus agricultural commodities. The bill also contains a committee amendment which Rep. Rivers maintained is constitutional, to provide a waiting period prior to executive base closings and provide a mechanism whereby Congress could reject the proposed executive actions. pp. 12752-3, 12758-97

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PELL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PELL. Mr. President, I wish to express my delight and joy that the bill has passed. When we look back in historic perspective 10 or 15 years from now, we shall realize that the proposed legislation is one of the milestones of these years.

Mr. MANSFIELD. I wish to express my deep appreciation to the distinguished Senator from Rhode Island [Mr. PELL], the distinguished Senators from New York [Mr. JAVITS and Mr. KENNEDY], distinguished Senators from California [Mr. KUCHEL and Mr. MURPHY], the distinguished Senator from Alaska [Mr. GRUENING], the distinguished Senator from Texas [Mr. YARBOROUGH] and all other Senators who have contributed to the introduction and the passage of this bill. The National Foundation on the Arts and the Humanities is a milestone and a step in right direction.

Mr. WILLIAMS of New Jersey. Mr. President, I express my great pleasure at the action of the Senate this afternoon in passing S. 1483, the arts and humanities bill. This bill has benefited from the long-term interest and dedicated support of Senator JAVITS. Our able colleague, Senator PELL, introduced this year's version of the bill, and conducted lengthy hearings on it before his Special Subcommittee on Arts and Humanities. During the course of the hearings, many constructive and useful suggestions were made for improving the bill. Under the imaginative leadership of Senator PELL, and with the aid of his hard-working staff, the subcommittee reported the excellent version of the bill which we have passed today.

As a member of the full Committee on Labor and Public Welfare, and as a cosponsor of this legislation, I was particularly gratified to see its speedy enactment after final approval by our committee.

I think the bill will provide a vitally needed stimulus for all the branches of the arts and humanities in every locality in the United States. Under the provisions of the bill for direct grants and loans to performing groups, as well as to students of the various humanistic disciplines, I am convinced that we shall see an inspiring upsurge in activity and creativity. The passage of this bill truly marks recognition of the central importance of the arts and humanities in our American culture.

S. 1483 IS A LANDMARK IN THE DEVELOPING AMERICAN CIVILIZATION

Mr. YARBOROUGH. Mr. President, America has ever been the great proving ground for the idea that the citizens of a nation are capable of governing themselves, of running their own lives and of building a humane and civilized society in the process. There have been critics of democracy, and of American democ-

racy in particular, who have argued that high cultural attainment is beyond our reach. They see Americans as a rather boorish lot who are concerned solely with increasing their possession of material goods.

A significant portion of Americans has never accepted this judgment. Sharing Walt Whitman's vision of a great literature arising from deep within the American spirit, they have attempted to show that a democracy is capable of producing great works of art and that the whole people of the democracy will form the greatest audience that any society has ever known. Indeed, as the penetrating study of the Rockeller Panel Report on the Performing Arts points out:

There have long been thoughtful people among us who believe that the ultimate test of democracy lies in the quality of the artistic and intellectual life it creates and supports.

The action which the Senate of the United States has taken today in passing the Arts and Humanities Foundation bill is a sign that American culture, far from standing still, is pressing forward toward her appointed rendezvous with a golden age.

This bill establishes a National Foundation on the Arts and the Humanities, consisting of a National Endowment for the Arts and a National Endowment for the Humanities. The National Endowment for the Arts provides matching grants to States, to nonprofit or public groups and to individuals engaged in the creative and performing arts. The Humanities Endowment provides grants and loans for research, provides fellowships and grants to institutions for training, supports the publication of scholarly works in the humanities, and fosters understanding and appreciation of the humanities.

In the arts the influence of this program will have, I believe it is safe to say, a secondary influence far greater than the primary influence of the money which the Federal Government itself awards. The impetus which this program will give to private philanthropy, to State and community effort, and to personal involvement of persons who had never involved themselves in the arts before, will produce a net effect many times greater than might be expected. As a study of State arts councils by the U.S. Office of Education shows:

Adequate financial stimulation of high quality art will result in enthusiastic participation and enjoyment by large numbers of people, in greater private support and box office income, and in gradual reduction in need for subsidies.

Equally important to the advancement of the American civilization is adequate support for activities in the humanities. Indeed, if any nation should be concerned about the humanities, that nation is the United States. This Nation was conceived in the notion that what counts most in life is that which is most human. This is what the humanities are concerned with. The report of the Commission on the Humanities reminds us:

Throughout man's conscious past they have played an essential role in forming, preserving, and transforming the social,

moral, and esthetic values of every man in every age. One cannot speak of history or culture apart from the humanities. They not only record our lives; our lives are the very substance they are made of. Their subject is every man. * * * All men require that a vision be held before them, an ideal toward which they may strive. Americans need such a vision toward which they may strive. Americans need such a vision today as never before in their history. It is both the dignity and the duty of humanists to offer their fellow countrymen whatever understanding can be attained by fallible humanity of such enduring values as justice, freedom, virtue, beauty, and truth. Only thus do we join ourselves to the heritage of our Nation and our human kind.

In today's world, when the growth of man's understanding of technology is greater than the growth of his understanding of his fellow man, it is vital that we pay some attention to the humanities, to that which is human and therefore common to all men. This is every bit as vital to our national defense as the billions of dollars we spend every year on missiles and bombs.

PROPOSED NEW LIBRARY BUILDING

Mr. HARRIS. Mr. President, the Senate Public Works Subcommittee on Buildings and Grounds, chaired by Senator STEPHEN YOUNG, Democrat, of Ohio, yesterday adopted restrictive amendments to a Senate resolution to build a new library building.

The amendments adopted included taking jurisdiction over the construction from the Office of the Architect of the Capitol and placing it in the General Services Administration, a requirement for competitive bidding on construction and equipment and restricting the authorization to \$500,000, rather than \$72,500,000, as was proposed.

The people's business ought to be handled in such a way as to demonstrate to them that their interests are being fully protected.

That is why I made the motion to uphold the view of our chairman, Senator YOUNG, that the construction of any new Library of Congress building should be handled by the General Services Administration, which has a long and excellent record in the field of public construction.

Further, I made the motion that all construction and equipment contracts on any such new building should be let only after competitive bidding, under the same procedures now applicable to other GSA contracts.

I also made the motion to reject the proposal that the bill fully authorize the construction of the new building at a cost of \$72,500,000 and that the authorization be limited to \$500,000 only, for the completion of detailed plans, design, and cost estimates.

The subcommittee agreed with me that we should not at this time fully authorize the construction of the building, because it was not yet certain whether the land adjacent to the Library of Congress could be secured and there had been no detailed plans, design, and cost estimates made and filed with the subcommittee.

By authorizing only \$500,000, as I suggested, the subcommittee made it clear

that we do not intend to make any authorizations in the dark and without full knowledge of the facts; further authorizations for the construction of the building can be made after the full facts have been obtained, and the people, through the subcommittee, have an opportunity to know all about the project.

There is no question in my mind that the Library of Congress needs an additional building and that the James Madison Memorial building is a worthy project, but I am proud that the subcommittee made it clear that we intend to see that the taxpayers' interests are safeguarded in its construction.

I intend to continue vigorously my efforts to assure that these safeguards are continued in this or any other authorization legislation adopted for this project by the Congress.

FOREIGN ASSISTANCE ACT OF 1965

The PRESIDING OFFICER. The hour of 12 o'clock having arrived, under the unanimous-consent agreement the Chair lays before the Senate the pending business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Under the agreement, the Senator from Pennsylvania [Mr. CLARK], or someone whom he might designate, will be recognized for 45 minutes.

Mr. CLARK. Mr. President, I ask unanimous consent that the understanding may be changed, and that the Senator from Arkansas [Mr. FULBRIGHT], chairman of the Foreign Relations Committee, and the Senator in charge of the bill, may be substituted for me.

The PRESIDING OFFICER. Without objection, the Senator from Arkansas will have control of the time previously designated for the Senator from Pennsylvania [Mr. CLARK].

The Senator from Alaska [Mr. GRUENING] will have control of 45 minutes of the time available.

Mr. GRUENING. Mr. President, I ask unanimous consent that I may be permitted to suggest the absence of a quorum without the time necessary for the quorum call being charged to the time of either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I send to the desk a proposed unanimous-

consent agreement and ask that it be given immediate consideration.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective June 11, 1965, at the conclusion of routine morning business, during the further consideration of the bill (S. 1837) to further amend the Foreign Assistance Act of 1961, as amended, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Arkansas [Mr. FULBRIGHT]: *Provided*, That in the event the Senator from Arkansas is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the majority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received except for two amendments to be offered by the Senator from New York [Mr. JAVITS].

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. JAVITS. Mr. President, reserving the right to object, I have no objection to the time limitation, but I may desire to submit two amendments. One is printed, one is not. One amendment relates to the Peace by Investment Corporation; the other relates to East-West trade. I ask the majority leader to except those amendments from the germaneness rule, if there is any problem.

Mr. MANSFIELD. Of course.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, do I correctly understand that the two amendments are excepted from the rule of germaneness?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. Who yields time?

Mr. GRUENING. Mr. President, I yield myself such time as I may require.

Subsection 205 of the present Foreign Assistance Act provides:

If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

The bill reported by the Committee on Foreign Relations changes the law in three respects:

First. It inserts the following policy finding by the Congress:

That the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis.

Second. It includes in the agencies to which the President is authorized to transfer development loan funds to two international lending institutions—the International Bank for Reconstruction and Development and the International Finance Corporation, in addition to the International Development Association, to which funds can be transferred under existing law.

Third. The committee bill increases from 10 to 20 percent the amount of funds which the President can transfer to these three international institutions.

My amendments—Nos. 221 and 224 combined, which are now being considered en bloc—would delete these three committee amendments and leave the present law undisturbed.

My amendments do nothing more.

On page 12592 of the CONGRESSIONAL RECORD for July 9, I have inserted a list of the loans made by the International Development Association. These are soft loans. They are repayable over the term of 50 years with an interest rate of three-fourths of 1 percent with no repayment of principal for the first 10 years.

With the United States borrowing the money to turn over to the International Development Association at more than 5¾ percent interest, this means a concealed grant is going to each borrower from the International Development Association of at least 5 percent interest.

For example, the loan made to India by the International Development Association of \$300 million contains a concealed grant to India from the United States of \$15 million per year. It is concealed because, while the taxpayers of the United States are paying this \$15 million annually, it is treated by the International Development Association and the people of India as a loan, rather than a grant.

If the people of the United States and their elected representatives want to make grants, let them do it openly and knowingly.

The effect of the committee amendments continues a trend to obviate the restrictions placed on the Development Loan Fund by the Congress over the years.

The committee amendments would free an additional 10 percent of the Development Loan Funds from the following restrictions:

First. The Hickenlooper amendment, a great deterrent to expropriations of U.S.-owned property abroad.

That would go down the drain if my amendments were rejected.

Second. The safeguards for the use of Development Loan Funds for purchases in the United States provided a restriction of great assistance to our balance-of-payments problem.

That would go down the drain if my amendments were rejected.

Third. The requirement for detailed plans and cost estimates on public works projects is a safeguard.

These safeguards would also disappear if my amendments were rejected.

Fourth. The requirement for the shipment of a certain percentage of purchases in American bottoms is a safeguard.

All purchases made through the proceeds of these loans, including the additional 10 percent through the international corporations, would have no protection for American shipping.

Fifth. The restrictions on aid to Cuba, Poland, Yugoslavia, and other Communist countries are safeguards.

The international bankers lend this money wherever they see fit.

Sixth. The restriction on aid to countries shipping goods to Cuba is a safeguard.

That, too, would disappear.

Seventh. The restriction on aiding businesses abroad that will ship goods into the United States in competition with our own businesses is a safeguard.

They would ship goods into America in competition with our own businesses.

The following are safeguards:

Eighth. The restriction against aid to countries preparing for aggression against their neighbors;

Ninth. The restriction against aid to Indonesia;

Tenth. The restriction against aid to countries having no investment guarantees;

Eleventh. The restriction against aid to economically developed countries.

Rather than increasing the amount of U.S. taxpayers' dollars we permit to escape from the control of the Congress, we should reverse the trend and seek ways and means of bringing more and more of the foreign aid program in all its aspects under the close and continued scrutiny of the Congress.

Mr. President, these are conservative and mild amendments. They would only tend to retain the commitments already given. They would not seek to reverse the commitments of a previous Congress.

If I were introducing the bill, I would scrap this section entirely and have no further waste such as occurs when this money goes to international organizations and Congress loses complete control of our taxpayers' money.

Mr. President, I ask for the yeas and nays on my amendments.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, before commenting directly with regard to this matter, I wish to observe that, with regard to the alleged great waste of the taxpayers' money which has been mentioned by the Senator from Alaska—which he calls the 10-percent provision in the existing law, it has not been very wasteful. It has never been implemented because of the restrictions put on it in the appropriations act. The Senator does not know whether it would be wasted or not. It has not been done. That is an inoperative provision.

One may ask why I want this provision for 20 percent in the committee bill. This

is a matter of principle. This is the way the foreign aid program should be administered, even though it is not now so administered.

I believe it is significant that the principal sponsors of the amendment are people who, generally speaking, have always opposed foreign aid in its entirety. It is not a question of whether they are interested in passing a bill. I believe that the Senator from Alaska, if my memory serves me correctly, has voted against the aid bill for several years. Is that correct?

Mr. GRUENING. No; that is incorrect. I have at times opposed a foreign aid bill when I felt it was a bad bill. But I have sought to improve all foreign aid bills by amendment. And when they were improved I voted for them. Otherwise not.

Mr. FULBRIGHT. I thought the Senator always voted against it.

Mr. GRUENING. That shows how misinformed the chairman of the committee is.

Mr. FULBRIGHT. If the Senator has not voted against the bill, he has voted against certain provisions of it.

Mr. GRUENING. The Senator is correct. I have voted in favor of amendments that would improve the foreign aid bills, stop wasting the taxpayers' money, and stop sending money to ruthless dictators who are aggressors, who burn our libraries, permit attacks on our Embassies, and denounce us. That has been the purpose of my amendments. Some of the amendments I have sponsored and were enacted have succeeded in improving the foreign aid bill.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MORSE. Mr. President, I say goodnaturedly that I am a little surprised that the lack of knowledge of the King's English possessed by my good friend the Senator from Arkansas, led him to make a mistake and think of us as being opposed to foreign aid.

I have voted against the bill. However, I have said that I would vote for more money for foreign aid if we could really have a decent foreign aid bill that would eliminate waste, inefficiency, and the cause of corruption in the administration of foreign aid in so many parts of the world.

I am greatly indebted to the Senator from Arkansas for giving support in the committee to the Morse amendment that is in the present bill. My amendments seek to carry out that objective with a study that would seek to outline an improved foreign aid program for us in the future.

Mr. FULBRIGHT. Mr. President, the impression was given to the uninitiated from the discussions of the bill last year and the year before that the Senator from Oregon was opposed to foreign aid. He interprets that to mean that he is opposed to this bill.

I do not recall that the Senator has ever offered a complete substitute or an entirely new or different kind of bill.

Mr. MORSE. I know that the Senator wants to be fair.

Mr. FULBRIGHT. Perhaps that will come out of this study. I hope that it will.

Mr. MORSE. I know that the Senator from Arkansas wants to be fair. We would have had a Morse foreign aid bill if the Senator from Arkansas and other Senators had been willing to adopt the long list of amendments that I have offered here on the floor of the Senate now for the past 3 years, which amounted to a rewriting of the foreign aid program. That is the kind of foreign aid I am for.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield for a question.

Mr. DIRKSEN. I would rather have the Senator yield for an observation.

Mr. FULBRIGHT. I yield for an observation.

Mr. DIRKSEN. Mr. President, I pointed out last night that there are 92 countries in the international development program. A country must be a member of the World Bank in order to be a member of the Association. So 10 countries are not members of the Association.

Mr. Henderson's figures indicate to me that we have now committed \$632 million of U.S. funds. Once that money goes into the "kitty," they can evade the Hickenlooper amendment. They can evade shipping instructions. There is no appropriation control. We are at sea without a paddle. That is what it amounts to.

I do not mind being generous about this. However, I do not want to go whole hog and commit the U.S. Treasury to the keeping of people who have an interest in getting money out. That has not been our interest there. There ought to be some restraint in fairness to the taxpayers of the country.

Mr. FULBRIGHT. The Senator from Illinois, of course, has every right to his own opinion, but we differ very greatly as to what is designed to improve the efficiency of this program. The international agencies have a far better reputation in the eyes of 99 percent than does AID when it comes to efficient administration of their funds.

The amendment of the Senator from Alaska raises fundamental policy question involved in the program. As I stated before, the 10-percent provision has never been operative because of the limitation put on it by the Appropriations Committee of the House. So we are dealing here, as we often find ourselves doing in the foreign aid bill, with a kind of windmill. We argue at great length and acrimoniously about various provisions, only to find in the long run that the arguments have been largely futile, just as is this point. I am not at all sanguine, even if the 20-percent provision stays in, because under the 10-percent provision, not one nickel has been spent for this purpose, although the provision did establish a good policy.

The justification for foreign aid must ultimately stand or fall on a political base. Whether we are killing mosquitoes in Africa, or building dams in Latin America, or supplying weapons in Asia,

we are doing it for essentially political purposes. We are doing it because we hope that, if we are successful, there will emerge in the affected countries a political order which is not incompatible with U.S. interests. This does not have anything to do with trying to buy friends; it has to do with the much more subtle and complex task of trying to influence the course of events toward the development of situations more nearly in our interest than the situations which now exist.

This, of course, is the general and continuing objective of our foreign policy in all its aspects. The foreign aid program is only one of a number of instruments available to us to achieve this objective. The other instruments include old-fashioned diplomacy, the overseas information program, the activities of the Central Intelligence Agency, our Armed Forces, our commercial and trade policies, and our exchange-of-persons programs, among others. None of these is an end in itself, but rather a means to a broader end.

It should be clear that what we are talking about in this amendment is not the foreign aid program as a whole, but the particular segment of it which is called development loans and which consists of dollar-repayable loans to underdeveloped countries other than those of Latin America. Further, we are talking about a relatively small percentage—whether it be 10 or 20—of the funds available under that program. These funds, if the administration gets the full appropriation requested, will total \$780,250,000 in fiscal year 1966.

Now, these funds—which are only a little more than the Senate recently approved with a whoop and a holler for war in Vietnam—are aimed directly and exclusively at economic development in Africa and Asia. But even economic development is not an end in itself; it is a means to the end of political stability and compatibility with U.S. national interests.

I hope no one any longer deludes himself that economic development is a sufficient condition for political development. It is probably a necessary condition. At any rate, it can be a helpful contributing factor—if it is not offset by international political irritants.

The real issue involved in this amendment is whether development loans can contribute more effectively to the long-term, broad political purposes of the United States if they are administered bilaterally or multilaterally.

The PRESIDING OFFICER (Mr. MONTAYA in the chair). The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself an additional 5 minutes.

Deeply involved in this issue are the feelings and attitudes of the people of most of the countries of Africa and Asia. These feelings and attitudes are best described as being intensely nationalistic and independent. From the comfort and security of an established world power and an affluent society, this nationalism frequently appears perverse and irrational; but we fail at our peril to try to understand it and to take account of it.

Africans and Asians know they need development assistance, and at the same time they resent their need for it. They consequently sometimes try to rationalize it as their just due. They are very sensitive about it—and especially so when they hear themselves denounced periodically in the United States generally, and particularly in the Senate, as incompetent or worse.

When development lending is done on a bilateral basis, all of the manifestations of this nationalism are compounded. When aid is extended on a multilateral basis, these manifestations are muted and diluted.

The question here is, What is the Senate trying to do? If it is trying to promote economic development in selected countries of Asia and Africa, without a constant irritant in our own relations with those countries, then a modest flexibility should be provided the President to channel some of these loan funds through the International Bank and its affiliates. But if the Senate is simply trying to assert its own brand of nationalism, then this flexibility should be denied the President and the program should be surrounded with still more restrictions and conditions, which seems to me to be its purpose.

Much has been said by the proponents of this amendment about how the use of the World Bank will take all the strings off aid and enable a group of international bureaucrats to scatter American largesse throughout the world. Do Senators think the World Bank has no standards of feasibility, no requirements for economic performance, no competence in administration and management? Why do Senators think the World Bank refused to make any loans to Brazil for several years prior to 1964? Because the Bank was not satisfied with the economic record of the Brazilian Government. Why do Senators think the World Bank has refused to make any loans to Greece? Because Greece has been in default on an international loan contracted in 1929.

That is a matter which has just been considered by our committee. The Greeks have gone to great efforts to arrive at an international agreement settling that particular loan and clearing up their back debt in order to be eligible for International Bank loans.

These are rather higher standards than AID—or the U.S. Congress, for that matter—has applied.

We hear a great deal in the Senate about GAO reports on maladministration of our own aid program. Has any Senator ever heard of an auditor's report which questioned in the slightest the administration of the World Bank?

In another title of this bill, there is an item of \$44 million to be contributed to the Indus Basin Development Fund, which is administered by the World Bank. This large project has been under way for several years, and there has not been the slightest criticism of it. What is wrong with trying to work out similar projects elsewhere?

To sum up, Mr. President, the committee bill provides that the President "after consideration of the extent of additional participation by other coun-

tries, may make available" up to 20 percent of the development loan funds to the International Bank and its affiliates. The existing law provides that he may lend up to 10 percent to the International Development Association. The existing law, incidentally, has been effectively nullified by a prohibition in the appropriation act; so the present authority has never been used.

The committee bill represents a very modest effort to encourage the President to shift a small portion of development loans from bilateral to multilateral administration. For both political and economic reasons, I strongly believe that this is the direction in which economic development programs should move, and I hope the Senate will reject the amendment of the Senator from Alaska.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CLARK. There was some criticism on the floor of the Senate yesterday about loans made by the International Bank organization; that IDA had not properly made long-term, soft loans at appropriate interest rates.

What can the Senator tell us about standards of IDA, an affiliate of the World Bank, in making loans? Are they not pretty careful about loans they make, even though less interest is charged than for loans under conventional terms?

Mr. FULBRIGHT. They are.

The PRESIDING OFFICER. The additional time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, how much time have I left?

The PRESIDING OFFICER. Eighteen minutes.

Mr. FULBRIGHT. I yield myself 5 minutes, or as much as I wish to use of the 5 minutes.

The Senator is correct. They are called soft loans, but such loans are usually worked out and result from very careful consideration by the Bank itself, very often with an eye to a regular loan from the Bank. But because of the inability of a particular country to service a loan at the regular rate, and for the short terms on which a regular rate is based, they have to fall back on IDA. It is a complementary organization. It has complementary standards that complement the regular operations of the Bank. Over the years, the Bank has developed a highly skilled international group of technicians in the engineering, auditing, and economic fields. It has done a remarkable job in administering the affairs of the Bank. IDA is a more recent organization, which has been operating for only a few years, but I have never run into any serious criticism of the efficiency of its operation.

We fail to allow them to administer a part of our funds, but let me emphasize one point: I believe that some of the major troubles we are today encountering throughout the world stem from the relationship between the patron and the client that grows from the bilateral loan, which is the beginning of a sour and disillusioned relationship between the underdeveloped countries of the world and the United States. We, being such a large, and to them at least, rich

country, they immediately become impatient with any kind of restriction.

The most glaring instance I heard of was in Malaysia where, after long negotiations, we raised the problem of the regular interest rate. They staged a great anti-American demonstration in Kuala Lumpur because of that interest rate—the only such demonstration I ever heard of in Malaysia.

This poisons our relationship rather than improves it because of the nature that adheres to such a relationship. It is not because of David Bell or anyone else in the organization. It is inherent in this kind of program, particularly if it is a lending program. If it is a program for the eradication of malaria, or a technical assistance program for the construction of a school, it does not result in disillusionment. It is fundamentally bad for us to continue this bilateral lending program. This applies only to the lending part of the program.

Mr. CLARK. What would the Senator's comment be with respect to the criticism made here that, by encouraging multilateral loans by world organizations, Congress is losing control of the program? Have we not a good deal to say about the organization of the World Bank and its affiliates as to where loans should be made?

Mr. FULBRIGHT. Technically the criticism is correct, because Congress does not have a representative on the Board. But some agency of the Government, or the administration, which is a legitimate part of the Government, of course, do have representatives on the Board. These representatives carry substantial voting weight in accordance with the constitution of the World Bank, so that they possess great influence. They do not dominate the Bank, and I do not wish them to dominate it, but they do have a substantial vote.

Mr. AIKEN. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield 3 minutes to the Senator from Vermont.

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). The Senator from Vermont is recognized for 3 minutes.

Mr. AIKEN. Mr. President, there have been many times when I have felt that these programs, including the extension of credit, have been handled considerably better by multilateral organizations than by a bilateral arrangement. However, if we are to take this recommendation in the bill as reported by the Committee on Foreign Relations factually and realistically, we must accept the amendments offered by the Senator from Alaska.

Part 4 of the bill provides that the foreign aid programs will terminate on July 1, 1967. It also requests the President to submit to Congress his recommendations for a continuation of the aid programs, and specifies the different factors to be considered in extending such a program.

It also provides for setting up a temporary planning committee comprised of four members to be appointed by the President, four from the Foreign Relations Committee, and four from the Committee on Foreign Affairs of the House of Representatives. The committee will be

required to make a final report to Congress not later than January 1, 1967, or approximately 18 months from now.

If we already knew what should be done in revising foreign aid programs, including lending programs, there would not be much need to set up committees or request the President to submit a new program.

In view of that fact, it seems to me that we had better let the situation remain where it is, authorizing the transfer of 10 percent of the funds to the international lending agency.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. GRUENING. Mr. President, I yield 1 additional minute to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 1 additional minute.

Mr. AIKEN. Mr. President, I believe that we should accept the amendments offered by the Senator from Alaska. However, I would not vote to reduce the 10 percent, or eliminate it, as was suggested yesterday on the floor of the Senate.

Mr. GRUENING. Mr. President, this is a conservative amendment. Let me point out some of the loans which have been made by the International Development Corporation, which shows how the money is being disbursed.

In Formosa, there are four loans at three-fourths of 1 percent interest, one for harbor dredging, another for water development, another for municipal supply, and another for the development of private industry.

Please note that the loan for the development of private industry is making our Government money available to private industry at the interest rate of three-fourths of 1 percent, with no repayment on the principal for 10 years and then a 50-year term before the loan is to be paid.

Going on down the line, we find loans to be of the same character. Nowhere does it seem that any effort is being made to save American taxpayers' money. All the loans are at three-fourths of 1 percent. They are all for the same terms, with no repayment on the principal for 10 years, and 50 years to run.

In India, there are about a dozen loans for highway construction and improvement, irrigation, flood control, and so forth.

It is interesting that we cannot seem to do anything about flood control in our own country, but we can give our money away this liberally for flood control purposes in every country of the world except the United States.

Only this year and last year, we witnessed the terrible floods in the Midwest and in the Northwest. The States have come back to the Government year after year after year for help, but do we suppose that States could borrow money from the United States at the rate of three-fourths of 1 percent with no repayment on the principal for 10 years? Of course not.

This is a double standard which I have consistently opposed.

Mr. FULBRIGHT. Mr. President will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. FULBRIGHT. Does the Senator hold the view that either the AID program or IDA is intended as a money-making bank?

Mr. GRUENING. No; not as a money-making bank. Neither was it intended to be a complete giveaway, which is pretty much what it is in a number of areas.

Mr. FULBRIGHT. It is not. These loans are repayable. Formosa is one of the few countries which is making such great progress that this year the AID will discontinue completely its economic assistance to that country.

Mr. GRUENING. How about the Haiti loan, which is now in default, which was made by the International Development Corporation?

Mr. FULBRIGHT. I believe that everything is in default in Haiti, at the present time.

Mr. GRUENING. I know that, but the Senator was relating how safe the loans made by the international organization are.

Mr. FULBRIGHT. Yes, but I did not say that it was infallible. It has had relatively greater success than many of the AID programs. We have some AID obligations in default in Haiti also, but on balance the International Bank and its affiliates have done an excellent job. Their standards of lending and their supervision, I believe, have been more efficient because they do not encounter nationalism and resentment on the part of the borrower.

Mr. GRUENING. Why would not the record be an excellent record when based on these generous terms, when we give this money at virtually no interest and let the borrowers have 10 years before any payment is due? Nevertheless, already there has been some default.

Mr. President, I yield such time to the Senator from Oregon as he may require.

Mr. MORSE. I shall not take more than 5 minutes. I am ready to vote. I believe that in fairness to myself and in fairness to the Senator from Alaska I should recapitulate the two main arguments that I made in my major speech on the subject last night.

The amendment in principle is the amendment that the senior Senator from Oregon proposed in committee. It will have substantial support on the floor of the Senate when the yea-and-nay vote is had, as there was substantial support for it in committee. A number of the committee members will vote for it. My two main reasons are that I believe the report of the committee itself, which contains the Morse amendment that provides for creating a special body to make a Federal survey and analysis of the foreign aid program with the requirement of a report on its findings and its recommendations at the beginning of fiscal 1967, justifies our urging that we not adopt a policy change as important as this policy change would be.

This is the type of policy question that ought to go to the special committee for consideration between now and the beginning of fiscal 1967.

Therefore I do not believe that this type of proposal should be added to the

bill this year. If, after careful analysis, the special committee should decide that there is merit in the proposal, I believe we ought to consider it at that time.

The second point, which I discussed at some length last night, is my attitude toward our constitutional system in regard to maintaining congressional checks over the executive branch of Government. This committee proposal, in my judgment greatly weakens the checking power and authority and duty of Congress, because no matter what semantics are used, when all is said and done we transfer out of direct control by Congress the checking authority to pass judgment upon the policies that shall prevail in the expenditure of taxpayer money in the foreign aid program.

The Senator from Alaska has pointed out the side effects of the amendment in connection with the policy that we have already adopted in exercising our power of check through the Hickenlooper amendment and the Lausche-Mundt amendment that we have already adopted. We cannot, in my judgment, reconcile this proposal with the procedures under the Hickenlooper amendment and the Lausche-Mundt amendment in respect to the amount of money that will be transferred to foreign financial agencies, which to a large degree will exercise control over the expenditure of money, without an effective congressional check.

I do not believe this is the time for us to further delegate the authority which I believe to be so precious and that we must have it remain inviolate.

Congress must stop building up a government of executive supremacy in this country. Every time we delegate this kind of control, this degree of checking, we simply vest more and more power in the executive branch of the Government, in this instance in the State Department and in a foreign financial agency, to which we would give ultimate control.

Lastly, it has been pointed out by the supporters of the amendment, both in committee and on the floor of the Senate, that we have a voice in this agency, that we have a voice in the World Bank, that we have a voice in the Inter-American Bank, and that we have a voice in many other international agencies.

Mr. President, I used to teach my students that, although we are a government of laws and not a government of men, and that we must keep our government of laws in order to preserve the freedoms and liberties of the American people, we should never forget that we are a government of laws administered by mere men.

Senators know something about the human relations that develop, the camaraderie, the exchange of agreements, and the compromises—in this instance the support of someone for a compromise on another issue that may develop on the board.

I take judicial notice of the fact that within the international agencies the human factor plays a very important part in working out arrangements and adjustments of policies that become the program of that agency.

We have no effective check on the American representative. It may be said, "You can get him off the board." I say, "Try it."

It may be said, "You can give him instructions." I say, "Try it."

The fact is that we lose congressional control.

Therefore I urge Senators this afternoon to adopt the Gruening amendment, because its adoption would give us time necessary to consider this policy by the group which the Morse amendment, a part of the bill, envisions shall be created to make a thorough analysis of the whole foreign aid program between now and the beginning of fiscal year 1967.

Mr. GRUENING. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Alaska has 18 minutes remaining.

Mr. GRUENING. I point out that this is an extremely conservative amendment. It merely keeps the situation where it is now. As these loans do not require repayment for 10 years, how do we know how good any of them are? Not one of them will become due for its first payment until 1970 or 1971 or 1972 or 1974 or 1975.

What is more reasonable than to keep the provision that is now in the bill, which permits 10 percent of the money to be loaned, instead of doubling it and going ahead on an uncharted sea, where there is great profligacy as is shown by the loans already made? It is absurd for Congress to double the ante in view of what we have been giving away in the past few years since this International Development Bank was created.

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I associate myself with the remarks of the Senator from Arkansas in support of the committee amendment to double the amount of multilateral aid which can be furnished.

I direct particular attention to his comment about our trying to promote economic development in selected countries of Asia and Africa by moving some of the loans into the World Bank and its affiliates. We have been shocked in recent years by the spreading all over the world of the slogan "Yankee go home." We have been shocked by the burning of our libraries, by the attacks on our embassies. However, has anyone ever said, "World Bank go home"? Has anyone ever said, "International Development Organization go home"?

Has anyone ever tried to burn down the foreign offices of the World Bank and its affiliates? This in itself is strong justification for extending multilateral aid.

Let me point out that this is not a policy change, as the Senator from Oregon has suggested. The policy of making a certain amount of development loan funds available to international institutions was adopted by Congress in section 205 of the Foreign Aid Act as long ago as 1961. We are not changing any policy. We are merely implementing a policy which a majority

of the members of the Committee on Foreign Relations thought was sound.

There is another reason why I believe the committee should be supported, and it is very important. In my judgment, the committee position represents a wave of the future and the Gruening amendments represent a relic of the past. We are in a situation in which an expanding internationalism is becoming essential not only to remedying the vast disparity between the rich nations and the poor nations, but, indeed, to preserve our Western civilization from destruction in a nuclear holocaust. We are moving slowly but surely toward a limited yielding of national sovereignty, a situation in which the 13 States found themselves unable to govern themselves under the Articles of Confederation finally and reluctantly made to the Federal Government, as result of which our country had a great and marvelous growth.

We now have the United Nations, the International Monetary Fund, the International Labor Organization, the World Health Organization, and a great many other international organizations to which some small part of our national sovereignty has gradually been yielded. Therefore, I take no credence in the suggestion that the Congress ought to keep a tight rein on every dollar which we put into programs of international cooperation. I feel, rather, that it is far wiser to expand the growing internationalism essential to the survival of a complex and completely changing world. It is for that reason, in addition to the reasons stated by the Senator from Arkansas, that I support the committee position.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. PASTORE. The point that disturbs me in relation to the amendment is as follows: What is wrong with the borrower knowing that the money involved is American money coming from America? Why should it be funneled through an international agency, with allegiance being, let us say, to an entity, as against a nation that is actually making the sacrifice to put up the money? What is wrong with that?

Mr. CLARK. There is nothing wrong with it.

Mr. PASTORE. America should be generous. We should have a generous heart. Not long ago I heard that in the Dominican Republic, where we are furnishing food, there was resentment that the food bore a mark "From America." What is wrong with that? If they are going to eat our food, why should not the people know that it has come from us? If they are going to have our money, why should not the people know that the money is coming from us? What is essentially wrong with that?

Mr. CLARK. May I answer the Senator?

Mr. PASTORE. Yes.

Mr. CLARK. There is nothing essentially wrong with that. The vast majority of our funds are indicated as coming from America.

I say to my friend the Senator from Rhode Island that it is a question of com-

nonsense. Will we get a better result for each dollar spent if we make it possible for international institutions such as the World Bank, IDA, and the others, to have an expanded amount of capital with which to make available loans to the countries of Africa and Asia? If the Senator should desire—and I am sure he does not, because he is not that kind of individual—we could point with pride all over the world and beat our chests about the great generosity and say, "Look at what Uncle Sam has done for you." I agree there is nothing wrong with that. The only problem is whether it is not more sensible to move an additional amount of loans into the international field, as we have done in connection with the United Nations and the other agencies I have spoken about. There is nothing wrong with what the Senator has stated; it is only a question of what is wise.

Mr. PASTORE. The Senator from Rhode Island does not mean that we should go around beating our breasts and pointing with pride. I do not mean that at all. I believe it is a fallacy to think for one moment that we accomplish more if people do not know where the benefits come from. I would hope that whatever we do, we do the thing that is right in the long run. I do not believe that America ought to be wearing its affluence on its sleeve. I have never said that. I do not mean that. Too often I hear people say that our way of giving is not good, that our aid is resented by people because they know we are giving it. If they resent it, they need not ask for it.

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 2 minutes.

Mr. FULBRIGHT. There is nothing wrong with giving away money as charity or as anything else. What we are talking about is a lending program. It has been well acknowledged—certainly since the days of Shakespeare—that a borrowing relationship between friends, for example, very often results in some resentment. The lender expects to be paid. A personal feeling goes with a loan, and the borrower feels that he is obligated in a way beyond mere repayment of a loan, and the lender feels that he has done a personal favor, which is aside from business, to the borrower. It is difficult to maintain a satisfactory relationship.

That is one reason why we have banks. I know that in my private life, wise people of my acquaintanceship have always refused to lend directly to friends, but they have helped those friends obtain money through a bank. They do so in order to maintain their personal relations on a proper basis.

The attitude of which I speak enters into our relations with a small country such as Malaysia. Before the Senator came into the Chamber, I believe, I cited an instance in that country.

Mr. PASTORE. I heard the Senator make that reference.

Mr. FULBRIGHT. I do not know why they did it, but the fact is, whether we like it or not, for the first time to my knowledge there was a large anti-Amer-

ican demonstration in the capital city because we had insisted on an interest rate on a loan that did not please them. That factor has not entered into the relationships of that country with the Bank.

I am judging by our experience. There is nothing wrong in what the Senator has said. I am not talking about a moral question. It is purely a political, practical question. The Bank has had very satisfactory relations in a lending program and we have had some very unsatisfactory relationships. I know that the record of the Bank is that there has never been a default. Never in its history has there been a single default. I know of instances in which countries have rescheduled their other obligations in order to avoid defaulting to the Bank. They have felt that their reputation with the Bank was at stake, and they have gone to great pains to preserve their reputation with the Bank.

Our own record of bilateral lending, even by private sources to Latin America after World War I, is deplorable. Practically every country down there defaulted. Much ill will resulted. The very fact that we are big and rich exaggerates the problem.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 1 minute.

Mr. FULBRIGHT. A psychological problem in relation to loans is created. I do not believe the same thing arises with regard to gifts. They accept malaria control; they accept milk for their children; they accept teachers in their schools. But there is not established a relationship of borrower and lender.

This has not created any bad feeling, but I believe that lending by the great United States to a small country at the kind of rates, for example, that the Senator from Alaska advocates has resulted in ill will and the alienation of those countries rather than a continuation of satisfactory political relationships. It is a fact of life; it is not a moral question.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. PASTORE. First, I have the highest respect for the integrity and the responsibility of the Foreign Relations Committee, especially because of the fact that it is headed by my distinguished friend from Arkansas. But what has he to say to the following question: Now 10 percent can be used for the stated purpose. The committee has decided that the percentage should be increased from 10 percent to 20 percent without changing the overall total figure. Would the increase implicate us to the extent that it would be harder for us to extricate ourselves in the future from the responsibility? Would not such action become an obligation, in a multilateral sense, to many nations, as against dealing with one person? Would the proposed action mean that from now on the percentage rises from 10 percent to 20

percent—and maybe later it may even go above that percentage—but even if it does not, we shall have committed ourselves to 20 percent, and from now on we might as well reconcile ourselves to the fact that the program will be our obligation from now into the future?

Mr. FULBRIGHT. There is no commitment in the bill beyond the life of the bill.

Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 1 minute.

Mr. FULBRIGHT. The 10 percent is an expression of policy. It has never been implemented. Not one red cent has ever been transferred in accordance with the authorization because the great Appropriations Committee, in its greater wisdom, has refused to appropriate the amount necessary. Instead, it has included a flat prohibition.

In another part of the bill, in addition to section 205, is a statement of policy adopted by the committee. This is not the first one; there have been similar ones. Some time ago there was a statement of policy which I remember specifically. As I recall, it was with regard to Africa. It was felt that loans to new countries should be made on a multilateral basis. I was in favor of that, and so was the committee at the time. The purpose of the negotiation of the loans was to prevent the alienation of those countries.

This proposal is permissive; it provides that the President may make funds available. It is, in a sense, a statement of policy. I believe—and I feel that a majority of the committee believe—that with respect to a lending program of development loans—that is all the policy applies to—it is wise to move in this direction, because it involves fewer political risks. It would be more successful in achieving the purpose of economic development. After all, that is what I assume is the purpose in this instance. That was the judgment of the committee. But it is not the judgment of the Committee on Appropriations, so we have nothing to go on. The Committee on Appropriations has never done anything about it, and I do not know that it will in this instance. But the principle is important.

It is no secret that I am dissatisfied with the way the program has developed. It has involved us in many places where I do not like the conditions. It operates in a good many countries. However, I have tried to do the best I could with what we have.

I support the amendment of the Senator from Oregon for a revision of the program. I am not too hopeful that anything can be done that will change it much. One thing that we hope can be done is to make greater use of the successful international organizations working in this field. For the most part such organizations have been successful; there have been few failures.

Another aspect is that it is hoped that if the President takes advantage of the program, he will use it as a lever to persuade other countries to match us.

and thus make a larger total amount available for development loans.

Mr. MORSE. Mr. President, will the Senator from Alaska yield me 1 minute?

Mr. GRUENING. I yield 1 minute to the Senator from Oregon.

Mr. MORSE. I direct my remarks to the Senator from Rhode Island. Although the committee report favors this approach, a strong minority in the committee does not share this view.

The Committee on Appropriations tied down the flap in front of the nose. I believe this is the beginning of a program to go beyond 20 percent. I believe that is what is contemplated. In my judgment, it would be a great mistake to do that.

For the time being, we ought to leave well enough alone, or bad enough alone, and await the study that is contemplated in connection with the program.

Mr. PASTORE. What has the Senator from Oregon to say about the observation made by the chairman of the committee; namely, that this program will be used as an instrument to induce other people and other nations to match what the United States does?

Mr. MORSE. There are nations which, if they can succeed in having the jackpot increased by millions of American dollars, will make token loans themselves in order to exercise control over the expenditure of American money. This is not a matching-money proposal. It does not mean that if we put in 20 percent, some other country will put in 20 percent. We should look at the amounts other countries are contributing. It is a token in comparison with what the United States is investing in the international program, on an international sharing basis. I do not buy that argument at all. I reject it.

Mr. GRUENING. Mr. President, I yield myself 2 minutes. I, too, wish to address my remarks to the Senator from Rhode Island.

We do not know yet how these loans will fare. No repayment will be made for 10 years. Yet although this experiment has been in operation briefly, it is now proposed to double the amount. Why not continue with the present 10 percent? Doubling it is what I object to. My amendment does not provide for its repeal. Several Senators yesterday in debate suggested that the program be abolished. I do not go that far.

The chairman of the committee refers to the high interest rates I propose. What are those high interest rates, which occur under the direct aid program? One percent; and after 2 years, 2½ percent. That should not be disastrous to any borrower, when we have to borrow the money from the American people at a cost of twice or three times that amount.

All the international loans are on these generous terms. There never seems to be any discretion. All the loans are made at three-quarters of 1 percent, with no repayment of principal for 10 years, and the life of the loans is 50 years.

Is there any flexibility in the overall analysis of the projects for which we make these foreign so-called loans? Apparently not.

This amendment would merely hold the program in status quo for the next 2 years, and we would proceed on that basis. Why double the amount before we know how the program will work? We do know that these loans are made at negligible interest rates. Actually, they are not loans at all; they are grants.

Mr. President, I am prepared to vote. Mr. FULBRIGHT. Mr. President, I am prepared to yield back the remainder of my time.

Mr. GRUENING. Mr. President, I suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

Mr. FULBRIGHT. Let the time for the quorum call be charged to my time. The quorum call need only be notice that Senators are prepared to vote.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the unanimous-consent agreement, the Senate will proceed to vote on the amendments (Nos. 221 and 224) of the Senator from Alaska [Mr. GRUENING]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. MORTON (after having voted in the negative). Mr. President, on this vote I have a live pair with the Senator from Colorado [Mr. ALLOTT]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Connecticut [Mr. DODD], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE] and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Washington [Mr. MAGNUSON], and the Senator from Alabama [Mr. SPARKMAN] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is necessarily absent.

The Senator from Kansas [Mr. PEARSON] is absent on official business and, if present and voting, would vote "yea."

The Senator from Illinois [Mr. DIRK-

SEN] is detained on official business, and his pair has been previously announced.

The Senator from Colorado [Mr. ALLOTT] is absent on official business, and his pair has been previously announced.

The result was announced—yeas 40, nays 46, as follows:

[No. 114 Leg.]

YEAS—40

Aiken	Gruening	Russell, Ga.
Bartlett	Hartke	Simpson
Bible	Holland	Smith
Byrd, Va.	Hruska	Stennis
Cannon	Jordan, N.C.	Symington
Cotton	Jordan, Idaho	Talmadge
Curtis	Lausche	Thurmond
Dominick	McClellan	Tower
Eastland	Morse	Williams, Del.
Ellender	Moss	Yarborough
Ervin	Mundt	Young, N. Dak.
Fannin	Murphy	Young, Ohio
Fong	Robertson	
Gore	Russell, S.C.	

NAYS—46

Anderson	Hickenlooper	Monroney
Bass	Hill	Montoya
Bayh	Inouye	Nelson
Bennett	Jackson	Pastore
Boggs	Javits	Pell
Brewster	Kennedy, Mass.	Prouty
Byrd, W. Va.	Kennedy, N.Y.	Proxmire
Case	Kuchel	Randolph
Church	Long, La.	Ribicoff
Clark	McGee	Saltonstall
Cooper	McGovern	Scott
Douglas	McIntyre	Smathers
Fulbright	McNamara	Tydings
Harris	Metcalf	Williams, N.J.
Hart	Miller	
Hayden	Mondale	

NOT VOTING—14

Allott	Long, Mo.	Muskie
Burdick	Magnuson	Neuberger
Carlson	Mansfield	Pearson
Dirksen	McCarthy	Sparkman
Dodd	Morton	

So Mr. GRUENING's amendments (Nos. 221 and 224) were rejected.

AMENDMENT NO. 240

Mr. MORSE. Mr. President, I call up my amendment No. 240 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Oregon [Mr. MORSE] proposes an amendment to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; namely—

On page 11, line 13, strike out "1,170,000,000" and insert in lieu thereof "\$1,000,000,000".

Mr. MORSE. Mr. President, this amendment reduces the sum for military aid to \$1 billion. The hearings reveal that military aid has increased for Vietnam and for one other country whose name is deleted from the committee hearing.

The reason is that a 5-year agreement was reached with that country which is still secret. It pledges U.S. military aid in the sum of several tens of millions each year. The Congress has not been notified, except when the foreign aid bill was presented with this amount in it for the next fiscal year.

The Congress has never passed on the advisability of this agreement. The American people have never been told of it. Yet when we see the foreign aid presentation for next year, there it is.

It is a prior commitment. It was never made by Congress nor had Congress ever heard of it; yet we are told it is a commitment on which Congress must make good.

To digress from my brief manuscript, I have just put my finger on one of the greatest evils of our whole foreign aid program, the evil of concealment practiced by this administration against the best interest of Congress and to the great detriment of the American people insofar as their right to full disclosure of the public business is concerned.

This administration is increasingly guilty of concealing from the American people the facts that the American people are entitled to know about if we are to protect the precious right of free men that in a democracy there is no substitute for full public disclosure of the public's business.

I am waiting "all ears" for a Member of the Senate to tell me why the Pentagon, the State Department, and the White House should be allowed to get by with entering into a secret agreement with a foreign country in regard to military aid to that country for a 5-year period that will involve many millions of dollars.

I know that I have probably spoken to my colleagues to the point of boredom, time and time again, during my 20 years in the Senate, about the precious guarantee of the right of the people to know. But during those 20 years there has been a great acceleration of the trend toward government by secrecy and government by executive supremacy.

Let the American people know that they cannot go to any library and find a single example of any country in the history of mankind in which the executive of that country became supreme and the people remained free. Executive supremacy and freedom for the people are irreconcilable, inconsistent concepts of government.

Some of my colleagues in the Senate will say we are not over the abyss yet; it is a matter of degree, and we have not gone that far yet. I believe we go too far when we go a step in the direction of government by executive supremacy.

I should like to answer another argument that we shall hear undoubtedly before we finish with this statement. We shall hear about Vietnam. This amendment has nothing to do with Vietnam. There is no Senator who does not know that if the President continues to prosecute his shocking, illegal war of outlawry in Asia, he will be here time and time again for additional funds to prosecute that war. Vietnam is used in connection with the foreign aid bill every time they think they can make the argument in order to justify a sum in the bill far in excess of what Congress ought to appropriate.

We are in a period of war hysteria. All that need be done is to wave the flag into tatters and the votes will be cast for any waste that is advocated in connection with the foreign aid bill.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. I commend my friend from Oregon and emphasize a point he

has made. This amendment to cut \$170 million off military aid, has nothing to do with Vietnam. The purpose is, hopefully, to arrange a situation in which we shall not give military aid to the Turks so that they can fight the Greeks, or give military aid to the Greeks so they can fight the Turks, or give military aid to Pakistan so it can fight India, or give military aid to India, so that it can fight Pakistan. I strongly support the Senator from Oregon.

Mr. MORSE. I appreciate the Senator's comment very much. I am grateful indeed to the Senator for emphasizing the major thesis of my speech. This proposed cut in military aid has nothing to do with Vietnam. One of my purposes in offering the amendment is to try to get the United States back inside the framework of morality. We are a shockingly immoral Nation with respect to the policy we are following in connection with military aid. The Senator from Pennsylvania has alluded to one phase of this problem. We have fully equipped Greece and Turkey with American military aid so that Greece and Turkey stand as a threat to the peace of the world. The United Nations must maintain a peacekeeping force in Cyprus to prevent the outbreak of a major war in that area of the world. No one knows whether we shall succeed in preventing a war there even under the peacekeeping force of the United Nations.

The United States has equipped, 100 percent, the military establishments of Pakistan and India. When we have done that, we have gone outside the framework of morality. We have equipped two nations that are threatening to make war against each other over Kashmir. The United Nations has had to move into Kashmir in order to give some hope of preventing those two American military-equipped countries from going to war against each other with American equipment.

I was shocked the other day to have colleagues in the Senate say, "But, WAYNE they bought a great deal of this military equipment." Imagine that. Does that make it moral? I say to American labor leaders that the senior Senator from Oregon is exceedingly disturbed in connection with their stand on American foreign policy. Too many American labor leaders seem to think that we can justify these millions of dollars in foreign aid because 80 percent of the money is spent in the United States and thereby makes jobs for American workers.

Let me say to American labor, "I do not intend to support your program in the advocacy of blood money." I yield to no man in Congress or in the country in support of the legitimate objectives of organized labor. But if it is a make-work program for the arms industry which labor desires—what an immoral premise on which to stand.

Mr. President, there are many crying domestic needs in this country for the expenditure of the savings that the senior Senator from Oregon is at least going to give the Senate an opportunity to vote upon in the days immediately ahead that would help strengthen the greatest defense weapon this Republic has; namely,

our domestic economy, for if we weaken that economy, we weaken the strength of the Republic.

I say to American labor that it would be much better to have American workers working in connection with programs that seek to build up the economy of this country than arguing to retain jobs that make it possible for potential belligerents to fight a war against each other with American weapons manufactured by American labor.

I repudiate that argument on the part of American labor leaders. By arguing for military aid on the basis of jobs for workers, they are performing a great disservice to the workers of our country. I suggest to them that they join in a tapering-off program with regard to the manufacture of military equipment and join in the development of a wealth-creating series of programs, such as the great reclamation program across the country, from coast to coast.

The American people must realize that we are in danger of jeopardizing future generations of Americans by leaving to them a heritage of a polluted water supply and a falling water table from coast to coast. Go into any New York City hotel in the very hour at which I speak and read the sign that one will find in every room in every hotel in which there is a water faucet urging conservation of water because New York City is in short supply of water already.

They are greatly concerned about the potential danger, unless the water table starts coming back, of water rationing in the largest city in the land.

Come with me into the West, into the Colorado River Basin, which we think of as a surplus water area, and take note of the great concern of cities in that area in regard to an assurance that there will be an adequate water supply 12 months of the year.

Consider the waste of hundreds of millions of dollars in the foreign aid program. Consider the fact that since 1946 the American taxpayers have been fleeced out of billions of dollars of taxpayers' money in a wasteful and inefficient foreign aid program that has reached, according to the latest figure that was given to me, some \$111 billion since 1946, with billions of that money completely wasted.

Politicians may think that there is no limit to the patience of the American taxpayer. They may think that they can continue to fool the American taxpayer by waving the flag into tatters every year when we get into a historic debate on foreign aid.

I have more confidence in the judgment of American taxpayers than have most politicians. When at long last the American taxpayers catch up with Members of Congress who, year after year, continue to waste money by hundreds of millions of dollars, they will hold them to an accountability at the polls. Their first opportunity will be 1966.

I hope the people will take a toll by way of an accountability of the Congress of the United States at the polls in 1966, if that is the only way we can teach politicians.

Mr. President, when I think of the educational crisis in America, when I think

of what we are doing as a nation of cheaters against the young of this country in denying to them by the tens of thousands an opportunity to develop to their maximum extent their intellectual potential, I am aghast to see Senators vote for a continuation of the waste of hundreds of millions of dollars in a foreign aid program, denying to the young people of our country adequate schools that they need for the education to which they are entitled as a matter of right.

One of the paradoxes is the millions of dollars that we spend each year for schools under a foreign aid bill with no restricted checks placed upon it in foreign lands, and the difficulty we have in obtaining adequate financing to meet the educational crisis in this country.

As chairman of the Senate Subcommittee on Education, I say that there are so many phases of the educational problem that pop up in my mind as I raise the issue, that if I did not leave the issue, I should be on it for the rest of the afternoon and be charged with conducting a filibuster. Yet every moment that I might take in discussing the educational crisis of the United States and arguing for a substitution of millions of dollars in the foreign aid bill for expenditures on the schools of America would really be time well spent.

My views are pretty well known to Senators. Let us face it. The votes on the bill are already cast. The lineup has been formed. Pressure has been responded to. Politicians are surrendering right and left to the pressure that states, "You must not disturb the foreign aid bill in an hour of war."

I say that in an hour of war we had better start saving our money so that we can use it to a much greater advantage for the protection and security of our country than using it in connection with the foreign aid program, for I happen to believe that we are on our way now to a major war. Is it not a little amusing to hear the alibis, the rationalizations, and the downright misrepresentations of the State Department in regard to trying to qualify the announcement they made the day before yesterday as to what would go on with regard to American troops in South Vietnam?

To the American people, I say: Here is one Senator and one member of the Committee on Foreign Relations who does not believe the statements that have been uttered by Dean Rusk and by the administration in regard to what the policy is now. It is no different from that which was announced yesterday in regard to the use of American troops in the war in Vietnam.

I say to the American people: Do not be fooled. American boys are now pledged to battle in South Vietnam. American boys are going to die by the thousands in the months ahead if this undeclared, unconstitutional, illegal war is allowed to continue. Of course they are committed to combat. Even Dean Rusk becomes hung up in his own semantics when he issues a statement, as he did yesterday, that they do not sit over there as hypnotized rabbits. Read that statement. One can reach no other conclusion that that Rusk, in spite of

his evasive language, is tacitly admitting that American boys are committed to combat. I am willing to accept that reality.

Mr. President, in this connection I ask unanimous consent to have printed in the RECORD at this point the devastating answer to the Secretary of State, which is contained in an editorial published in the New York Times this morning entitled "Ground War in Washington." It is also a devastating answer to a large part of the speech of the Senator from Connecticut [Mr. Dodd].

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 10, 1965]

GROUND WAR IN WASHINGTON

The Johnson Administration's decision authorizing a combat role for American troops in South Vietnam is only confirmed by yesterday's White House statement; yet the statement is carefully drafted to give the impression that the United States is not embarking on a radical new course.

The White House admits that General Westmoreland, since March, has had the secondary mission of providing "combat support" to South Vietnamese units in trouble.

But why did Secretary Rusk at the time say that "ground combat personnel is not what is needed" and that there would be "a problem about foreign ground troops undertaking the kind of pacification effort that is required in South Vietnam"?

The White House denies that the President ordered the new combat role in March "or at any other time." It is explained that General Westmoreland's authority was "implicit" in the assignment of marines to Da-nang. Yet, how could "implicit" authority have been so explicitly defined all along as was finally claimed in yesterday's White House statement? It is there limited to instances when South Vietnamese forces are "faced with aggressive attack when other effective reserves are not available and when in his [Westmoreland's] judgment the military situation urgently requires it."

As recently as last Saturday the State Department did not mention this role when, at the request of newsmen, it redefined the mission of American troops in a statement reportedly approved at the highest levels of the Department. It admitted that American troops had stepped beyond an advisory role, but described their function simply as defense of American installations and patrolling nearby.

The new role of "combat support," which the State Department finally announced this week, seems to be one of serving as a strategic and tactical reserve for the South Vietnamese Army. It presumably can take American combat troops anywhere in the country. Despite an effort semantically to exclude "offensive" campaigns, it appears to include aid to South Vietnamese units that get into difficulty during offensive as well as defensive operations.

A land war on the continent of Asia, which many of the country's leading military men long have opposed, is not undertaken lightly or without premeditation and careful planning. The doubling of American troops in South Vietnam since March and the reports that the 54,000 now there are being increased to 70,000 suggest implementation of a plan approved in February and prepared much earlier.

The time has come for the President to take the country into his confidence and to give the Congress time for a full debate before the war is escalated any further.

Mr. MORSE. I was much interested in the statements made on the floor of

the Senate yesterday in opposition to a declaration of war. Several Senators expressed their opposition to a declaration of war. It is interesting, is it not? What are they afraid of? To give my interpretation, they are afraid of American public opinion. The American people are entitled to know whether or not this Government is going to make war, and continue to make war, in Asia—and we know that is its intention. If it is, the American people are entitled to receive from the President a proposal for a declaration of war, and they are entitled to receive from Congress a standup count as to who will vote for a declaration of war under article I, section 8, of the Constitution of the United States.

Let the President bring in that proposal for a declaration of war and confront the American people directly with the issue. Then he will get a direct response from the American people. It is the opinion of the senior Senator from Oregon that the American people are not in support of an undeclared war in Asia. This is contrary to the statement made by the Senator from Connecticut [Mr. Dodd] on the floor of the Senate today, as to most of which I have already announced that I am in strong disagreement.

The American people are confused, and they will continue to be confused, because of the concealment by the administration of the facts in regard to what is taking place in Asia. The American people are entitled to receive from the administration a clear drawing of the issue. Either we should go to war legally, under article I, section 8, or the President should proceed to reverse his position and take the position I took in Madison Square Garden the night before last. That position is my answer to the Senator from Wyoming [Mr. McGEE], who said earlier today on the floor of the Senate that we who are opposed to the administration's policy in South Vietnam do not offer any alternatives. Mr. President, we have been offering alternatives for most of 2 years, only to be met with, until recently, dead silence on the floor of the Senate, although not in the cloakrooms. In the cloakrooms, there has been strong approval of the alternatives; but only silence, until recently, on the floor of the Senate.

In closing my speech in Madison Square Garden the other night, I said I had no right to criticize my Government in regard to its policies in South Vietnam unless I were willing to offer alternative proposals, which I have been offering for many months.

I said, "We meet here but a few blocks from the temple of international law and justice—the United Nations. I now recommend to my President that he make use of a procedure in the United Nations Charter which we have not made use of yet, but which we ought to make use of, a procedure calling for an extraordinary session of the General Assembly of the United Nations. I recommend that my President walk out onto that historic platform and proceed to make history that will shock the world, by announcing that the United States lays before the United Nations the threat

to the peace of the world as it now exists in Asia, and that the United States pledges its support to the United Nations to arrive at a peaceful, honorable, negotiated settlement through the procedures of the United Nations, thus bringing to an end the killing in Asia and the threat to the peace of the world."

An interesting incident happened thereafter. There followed for the next hour an increasing demand on the part of the leaders of that rally for a march on the United Nations Building as the best way for that group to symbolize its protest against U.S. outlawry in Asia. It was the best way for that group to symbolize its protest in opposition to the record of the administration of open violation of article after article of the United Nations; in fact, the violation by this country, since 1954, of article after article of the United Nations by the course of action we have followed in Vietnam.

Without my knowing what was really taking place, because I remained on the platform to hear other speakers, arrangements were made with the New York City Police Department for a march on the United Nations. I wrote to the chief of police of the New York Police Department yesterday, expressing my high praise for the way the police department handled the demonstration that followed the meeting. It was announced at 11 o'clock that arrangements had been made with the police for a march from Madison Square Garden to the United Nations Plaza. At 20 minutes before midnight, that march started.

Some Senators would be a little amused to read some of the correspondence I have already received from superpatriots, because I had the high honor and the distinct privilege to join with Dr. Benjamin Spock at the head of that column, while more than 2,500 people out of that audience, at 20 minutes before midnight, 2 by 2, walked down Broadway, across 42d Street, to the Plaza of the United Nations for a second rally that was held at 1 o'clock in the morning.

Mr. President, this administration is whistling by graveyards. But its whistling will not prevent filling all the graves in those graveyards if it thinks that the grassroots of America happen to be in support of its killing in Asia and the offering of no hope to the American people for years to come for an ending of those killings.

In my judgment, if this administration follows its outlawry in Asia, American troops will be bogged down in Asia for a quarter of a century, at the minimum. Then, at long last, we shall have to come to a negotiated settlement that could not possibly be any better than the negotiated settlement that could be reached now, in my judgment.

The rally that was held in New York City the night before last could be held in Chicago, the Twin Cities, San Francisco, St. Louis, Los Angeles, any other major city in the country. This is not a matter of New York locale.

Mr. President, at the roots of America, the American people are concerned about

this bloodletting. They are asking questions. "What will it profit us? Where is the end? What will it accomplish?"

I have been heard to say, during the past 18 months on the floor of the Senate in speech after speech in opposition to this international outlawry of my country in Asia, that we are driving millions of people in the underdeveloped areas of the world into the arms of communism.

We have the greatest weapon to defeat communism that mankind has ever forged. That weapon is not hydrogen bombs. That weapon is not nuclear warfare. That weapon is not military might. That weapon is not the substitution of the jungle law of military force for the rule of law of international justice for the settlement of disputes that threaten the peace of mankind. That weapon happens to be economic freedom, which is the very strength of this Republic. That weapon happens to be the giving to the underdeveloped peoples of the world the right to be free men economically, because that breeds political freedom. It nourishes the development of political freedom.

We have no more chance of exporting political freedom to Asia or to Africa—or, for that matter, to any other underdeveloped area of the world—than I have of walking down to the Washington Monument and putting it on my shoulder and walking away.

Mr. President, we do have a great opportunity to help make the people in the underdeveloped areas of the world economically free. However, we cannot do it until we first have a peace settlement in Asia.

We in the Senate well know my reasons for fighting the \$700 million military program that the President requested for the purpose of fighting an illegal war in Asia. I fought that proposal first because, by his own admission, it was not needed. He used the measure only as a vehicle through which to obtain another vote of confidence from the Senate and the House by which to continue a policy that he never should have started in Asia.

I voted against the measure, too, because I knew that it would not result in the exportation of economic freedom. It would result only in the further exportation of war to Asia.

I suggested the other day, as Senators will recall, with regard to the \$89 million proposal of the President—which was another attempt on his part to get another vote of confidence in his program in Asia—that we cannot build economic projects in the Mekong area of South Vietnam because the area is controlled by the Vietcong and will continue to be controlled by the Vietcong until there is a negotiated peace.

Some of my colleagues did not like that.

As a member of the Committee on Foreign Relations, I have read too many reports and interviewed too many people who have been involved in the administration of our so-called economic aid program in South Vietnam not to know that the Vietcong have succeeded in sabotaging and emasculating and taking

over the so-called economic projects that we have sought to develop in South Vietnam.

The proposal of the President for \$89 million for so-called economic development in South Vietnam will be largely wasted until we get a negotiated peace. We must stop the war. When we get that war stopped, it must be stopped on an honorable basis and stopped on the basis of an understanding that will not permit a massacre and blood bath of the South Vietnamese by the Communists, and will not permit of a blood bath of the Vietcong by the South Vietnamese. Let us not forget that on both sides there are participants who are ignorant and illiterate, and are victims of military forces that control and direct their lives.

I want to bring the direction of their lives by military forces to an end. I want an honorable, negotiated peace. Then I want to see this great, free land of ours beat communism in Asia by the exportation of economic freedom to the people of that area.

That will not take place in a year, 5 years, or 10 years. That would be a long, hard pull. However, I would much rather spend the next 25 years supporting the exportation of economic freedom to Asia than spend billions of dollars of the money of the American taxpayers in trying to support a bogged down U.S. military force in Asia. That force will become bogged down.

I am still waiting, may I say to Mr. McNamara, the Secretary of Defense, for him to come forth with any rebuttal to the oft-repeated advice of General Bradley, to the oft-repeated advice of General Collins, to the oft-repeated advice of General Marshall to the oft-repeated advice of General Eisenhower, and to the oft-repeated advice of General MacArthur, all of whom told us—great American military strategists and military staff leaders that they are—that Asia is no place to bog down an American army.

It is still true. I happen to believe that nuclear bombs and atomic bombs have not changed it. I call again on the Defense Establishment for a rebuttal of the advice to which I have alluded.

There are many other domestic needs confronting the country in which the millions of dollars I am seeking to save out of the wasteful foreign aid program provided for in this bill can be of great help in providing economic security in this country. They are well known to the Members of this body—great public works programs, the great urban renewal program, the great need for slum clearance programs. Millions of dollars more will be needed if we are ever to have an effective poverty control program.

Any dollar of saving we are willing to vote out of the foreign aid bill will produce much more good, eventually, for the world if spent to meet domestic needs here at home, because in that way we will strengthen our Nation at home and will then be in a stronger position to be of assistance with sound programs involving the exportation of economic freedom abroad than will ever be the case if we

continue to waste huge sums of money under this bill.

The last remark I want to make by way of digression from the manuscript deals with the argument Senators will hear over and over again in the days ahead—that this is a very economical foreign aid bill; that it is a barebones bill; that it provides for only \$3,380 million.

Mr. President, that sounds good, but even if it stood alone—and it does not stand alone—this so-called bare-bones bill has hulks and humps of fat upon it.

The foreign aid bill must be considered in terms of the total foreign assistance bill. The total foreign assistance bill amounts to nearly \$7 billion—not \$3,380 million.

Mr. President, on this amendment I am asking for a saving of \$170 million. I repeat, it does not interfere in the slightest with Vietnam. Everyone knows that Vietnam is now in a class by itself. Everyone knows that so long as American boys are being killed in Vietnam, the administration is in a position to come before the Congress and ask for whatever funds it thinks necessary to supplement its financial needs in Asia. But the \$170 million I am asking to have taken out of the military foreign aid program deals with other countries.

The Foreign Assistance Act has been amended to eliminate military aid to Western Europe except for "prior commitments." It contains certain restrictions on military aid to Latin America, except for "prior commitments."

In many ways this is a futile exercise because it is the Department of Defense that enters into these commitments, not the Congress, and because we are not told of them in advance, they are all "prior commitments," so far as Congress is concerned.

Senators who are not members of the Foreign Relations Committee should sit with me on that committee and listen to the testimony we receive from the Defense Establishment, the State Department, and the AID Agency. Talk about making a saving in some of these expenditures, and the representatives of the Defense Department, the State Department, or the AID Agency say, "Oh, we have an agreement on that." Who entered into the agreement? The Congress? Of course not. For Congress to enter into it would be unthinkable. It would merely be carrying out the basic principles of representative government. It would be consistent with our democratic processes. It would be in keeping with our professing of a government of law, and not of men.

These commitments are made in secret conferences. These commitments are made by the executive branch of the Government without the advance knowledge of the Congress. When we ask, "Did you not tell those countries there was no constitutional authority to bind this Government?" They say, "Well, we told them it was subject to the approval of the Congress." Then they come in with the clincher argument. Senators should see my colleagues wilt before this sophistry: "It was a hard agreement to negotiate. It was difficult to get them

to agree. We had to work long and hard to get certain concessions out of them. We do not believe you will want to turn down an agreement that we worked so hard to negotiate. We hope you will not want to do so."

Let me say to the Congress that until it starts turning down such agreements, until it starts making clear to the executive branch of the Government that Congress is entitled to give approval in advance of any agreement, there will be an increase, at a rapid rate, of this gallop down the road toward government of this country by executive supremacy.

Mr. President, I am not at all moved by the fact that the Defense Department, the State Department, and the AID officials have entered into secret agreements, so far as prior knowledge of Congress is concerned, and the argument that we should not reduce the military aid program because it might interfere with some of those agreements. Such agreements are not binding on Congress. Congress has the authority, if it is necessary to make savings in the military assistance aspects of the bill, to reduce any amounts that any representatives of the State Department, the Defense Department, or the AID officials have provided in the agreements they have entered into. It should be done for the people. They are entitled to that protection by the Congress.

Now we have a new prior commitment on which Congress and the American people will have to pay for 5 years. Yet all these secret commitments and the military aid for Vietnam still take only little more than half the total requested for military aid.

In 1963, the committee headed by General Clay to study the foreign aid program took no serious issue with the theory of military aid—whatever that theory may be. But it did protest the number of countries receiving military aid, and made it clear that we should be contemplating a military aid program of not more than \$1 billion a year.

Mr. President, we had it down to \$1.055 billion last year; but under this bill it is back up to \$1.170 billion.

It will go much higher than that again if Congress has not the capacity to say "no."

One of the annual justifications offered for military aid is that it makes available millions of more men from other countries, particularly from Asia, who will be on hand to fight any Communist attack or aggression.

Well, the Communist attack is underway in South Vietnam. Yet there are no millions of Asians from Japan or South Korea or Taiwan or the Philippines, or Thailand, or Pakistan, or India, helping American troops do the fighting. They have our money and our military aid but not to help us do any of the fighting, except for a token force from South Korea, a token force from Australia—about which there is great doubt as to whether there is any commitment for them to go anywhere near the line of battle—and a token force offered from the Philippines.

Our so-called Asian allies have walked out on us, so far as the war in Asia is

concerned, but they are taking their military aid from us by the millions of dollars. They are perfectly willing to spend our money to build up their own military prestige and to keep themselves in a position where they can threaten to make war on their neighbors.

As I have been heard to say many times, but in the interests of consistency I wish to repeat, the military aid we have supplied to any of these countries—I do not care which one is named—India, Pakistan, Greece, Turkey, Thailand, any other country—will be of absolutely no value to the United States in case of war with Russia.

Mr. President, that is my answer to the sophistry of Senators who each year are heard to say, "Oh, but it is cheaper to keep a Pakistani in uniform than an American boy. It is cheaper to keep a South Korean in uniform than an American boy. It is cheaper to keep a Turk in uniform than an American boy."

There is no cause-to-effect relationship in that kind of argument, because it is a complete nonsequitur. If there ever is a war between the United States and Russia, every one of those countries will be dependent for its protection not upon the military aid which the United States has supplied them, but upon the nuclear power of the United States.

In case of war between the United States and Russia, it will be a nuclear war—a war which will be over quickly, in an exceedingly short time. Out of it will come no victors, American or Russian. Out of it will come only world devastation.

Mr. President, the military route is not the road to peace. The military route is the road to continued war, ending up eventually in a nuclear holocaust.

I would rather be condemned in my day by the superpatriots and by those who believe that force is the answer to the threat to peace, by those who have substituted their adrenal glands for their cortexes in facing the issue of war or peace.

Mr. President, I will not walk out on a great ideal which has always symbolized my country; namely, that we believe in a peaceful approach to the threat to peace.

It is not true that military aid to these countries will strengthen the security and the defense of the United States.

The ugly reality is that our military aid to many countries in the world has greatly increased the danger of war.

This morning or yesterday there was reported affirmation of a matter with respect to which I warned the Senate about not so many days ago, that our Government is in the process of selling to Saudi Arabia more than \$100 million worth of weapons.

What a blot on our history.

The danger is great. No more than Lady Macbeth will we be able to wipe out that bloody spot. For that aid to Saudi Arabia is aid which will increase the warmaking power of the Arab States. The Arab States continue to threaten to drive into the sea, up to the moment that I speak, the only free nation in all the Middle East, the State of Israel.

I hold no brief for any mistakes of Israel, but we cannot justify strengthening the military power of Arab countries which threaten to destroy Israel. As I have been heard to say, I am opposed to military aid to any country in the Middle East, including Israel, for military aid to countries in the Middle East increase the danger of war.

I have stated earlier in my speech that the position of my country in the matter of military aid cannot be reconciled with morality.

I say to my administration today, "Your proposal to send \$100 million in arms and military equipment to Saudi Arabia is shockingly immoral. History will condemn us for it, for I am convinced that if you continue to build up such war machines as we are building up in the Middle East, the end will be war."

We seem to have hurt feelings when critics abroad charge us with being a hypocritical nation, when the ugly reality is that the United States is a hypocritical nation. Our record in foreign policy is a record of hypocrisy. We profess one thing and we practice another. That is hypocrisy. We profess to believe in the rule of law, but we refuse to resort to an application of the rule of law under existing treaty obligations, which really place a compelling duty upon us to resort to the procedures of those treaties to which we have affixed our signature.

Are treaties signed by the United States to be but a scrap of paper, except when we believe that carrying out their provisions might be, momentarily, in our national, selfish interest? We cannot maintain peace in the world on the basis of any such premise or any such policy as that.

Mr. President, we are hearing from faint noises that suggest that troops from Taiwan might be landed to fight in South Vietnam. Or they might be used as a threat against mainland China. Who would pay for that? Why, it would take more military aid out of Uncle Sam's pocket.

Do not forget that for 6 or 7 years we sent tens of millions of dollars worth of military aid to South Vietnam on the basis that it would enable that country to do its own fighting and defend itself. But when a real challenge was encountered, Americans have come to do the fighting not just in the air or on the sea, but now on the ground.

That is what will happen in South Korea, too, and in Taiwan if either of them is ever put to the test. And their troops are not going to join Americans in South Vietnam in any but the most token numbers. Of Indians, and Pakistanis, and Japanese we will see none at all. The Indians and Pakistanis are concentrating on fighting each other with American military aid.

I point out to the Senate, and to the American people, that the war has come to Asia, and despite the billions and billions of military aid we have given to Asian countries since the end of World War II, their forces have not joined us in the battle. That is perhaps as much our choice as theirs, because it would

cost us tens of billions more to support both their armed forces and their national economies in any kind of a war effort. Every one of the 2,106 South Koreans in Vietnam, for example, is financed by American money. I ask unanimous consent to have printed at this point in the RECORD the table from page 643 of the committee hearing showing free world assistance for Vietnam.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Free world assistance for Vietnam

Country	Nature of aid	Persons in RVN
Australia.....	Combat advisers, aircraft and crews, medical aid, technical aid, civic action aid, and radio stations.	200
Canada.....	Medical aid, scholarships, and wheat.	1
China.....	Agricultural aid [deleted], electric power aid.	124
Germany.....	Professors, technical experts, credits, and 30 ambulances.	23
Italy.....	Surgical team.	17
Japan.....	Electric power aid, medical aid, ambulances, and transistor radios.	80
Korea.....	Karate instructors, mobile Army surgical hospital, combat engineers with security forces.	2,106
New Zealand..	Army engineers, surgical team, and educational aid.	32
Philippines...	Medical aid, psywar assistance.	34
Thailand.....	[Deleted] cement and roofing. [Deleted].	(¹)
United Kingdom.	Police instructions, professor, educational and technical equipment.	12
Netherlands..	Surgical team.....	10

¹ Deleted.

NOTE.—The French, though their policies in South Vietnam differ from ours, continue to have a number of educators, medical and technical personnel there.

Mr. MORSE. Mr. President, the contention that military aid and supporting assistance was guaranteeing us allies and allied manpower in the event of an Asian war has been proved false by the war in Vietnam. I strongly suspect that a war anywhere else will prove it wrong in most parts of the world.

Of the countries shown in the chart, we have not extended any direct military aid to Canada, New Zealand, or Australia, though they have received some through channels of regional aid. But through fiscal year 1964, China had received \$2.458 billion from us in military aid. Germany had received \$951.6 million; Italy, \$2.312 billion; the Netherlands, \$1.242 billion; the United Kingdom, \$1.035 billion; Japan, \$1.057 billion; Korea, \$2.191 billion; the Philippines, \$445 million; and Thailand, \$68 million through 1963.

I do not mean to single out these countries for criticism because they at least have some people in South Vietnam, even if they are not combatants. Dozens of other recipients of U.S. military aid over the years have no one there at all.

Nor do I believe we should continue to increase our military aid program in the absence of some indication of its future objectives. Take, for example, the constant question of obsolescence. Each year the Foreign Relations Committee is

told that country A or B needs new tanks to replace some we furnished them 5 years ago and which are now "obsolescent." Or we are told that a given army must be reequipped because our earlier military aid is now obsolete. That is good for the military equipment manufacturers.

Who knows what the standards are for obsolescence? And who knows how long we plan to go on arming the world with new material? There is never a point at which some nation's military equipment will not become obsolescent. Do we intend to go on indefinitely replacing existing equipment with new?

Never in the life of the military aid program have I heard any indication from the Defense Department of the anticipated future programing for military aid.

There is another important omission from our projected military aid program. That is an estimate of how much it would cost the United States to support any one of these countries in the event it became involved in a major war. Some are saying that the soldiers of Taiwan should be transported to mainland China to divert China away from Vietnam; or that Taiwan troops should be moved to South Vietnam to fight in the war against the guerrillas. But none of these voices ever tells us how much it would cost the United States to support a war economy in Taiwan. Would it be enough that we would have to arm, equip, and supply all her soldiers? Or would our economic aid to Taiwan also have to be expanded, as some form of lend-lease?

Here again, we went through all this with South Vietnam. But the cost of maintaining South Vietnam on a war footing has vastly exceeded the cost of maintaining her even in the years immediately after the French withdrawal.

I have no sympathy for the argument that military aid to undeveloped countries gives us something for nothing, or that it gives us cheap manpower for use in place of American soldiers. Nothing of the sort has happened in the one place where a war is going on.

Yet this is the basis for our military aid in most parts of the world. It should be examined right down to its roots. In the meantime, the level should not go above \$1 billion.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment, the essence of which is to reduce the amount of 20 percent in the pending bill to be used in the discretion of the administration for multilateral aid. My amendment would reduce that 20-percent allowance to 12 percent. In principle, it is identical with the proposal that was voted upon at 1:30 this afternoon, the Gruening amendments, to reduce the 20 percent to 10 percent. My amendment would reduce the 20 percent to 12 percent.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on

the amendment be had at 5 minutes after 3, 10 minutes from now. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Virginia [Mr. BYRD], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Missouri [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mr. NEUBERGER], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK] would vote "yea."

I further announce that, if present and voting, the Senator from Washington [Mr. MAGNUSON] would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Alabama would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is necessarily absent.

The Senator from Colorado [Mr. ALLOTT] and the Senator from Kansas [Mr. PEARSON] are absent on official business and, if present and voting, would each vote "nay."

The result was announced—yeas 22, nays 63, as follows:

[No. 115 Leg.]

YEAS—22

Bartlett	Ervin	Morse
Bible	Gruening	Nelson
Church	Hart	Pell
Clark	Hartke	Proxmire
Cotton	Hruska	Randolph
Curtis	Long, La.	Young, Ohio
Douglas	McClellan	
Ellender	McGovern	

NAYS—63

Alken	Dirksen	Hill
Anderson	Dodd	Holland
Bayh	Dominick	Jackson
Bennett	Eastland	Javits
Boggs	Fannin	Jordan, N.C.
Brewster	Fong	Jordan, Idaho
Byrd, W. Va.	Fulbright	Kennedy, Mass.
Cannon	Gore	Kennedy, N.Y.
Case	Harris	Kuchel
Cooper	Hickenlooper	Lausche

Mansfield
McGee
McIntyre
McNamara
Metcalf
Miller
Mondale
Monroney
Montoya
Morton
Moss

Mundt
Murphy
Pastore
Prouty
Ribicoff
Robertson
Russell, Ga.
Saltonstall
Scott
Simpson
Smathers

Smith
Stennis
Symington
Talmadge
Thurmond
Tower
Tydings
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.

NOT VOTING—15

Allott
Bass
Burdick
Byrd, Va.
Carlson

Hayden
Inouye
Long, Mo.
Magnuson
McCarthy

Muskie
Neuberger
Pearson
Russell, S.C.
Sparkman

So Mr. MORSE's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE obtained the floor.

Mr. HARRIS. Mr. President, will the Senator from Wisconsin yield to permit me to call up an amendment?

Mr. PROXMIRE. Mr. President, I ask unanimous consent that, without losing my right to the floor, I may yield to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I call up my amendment which is at the desk and ask that it be read and made the pending business.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, after line 22, it is proposed to insert the following:

(3) add the following new subsection:

"(n) No assistance shall be furnished under this Act, and no sales shall be made under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, to the United Arab Republic or to Indonesia so long as either of such countries shall continue to commit aggression, as the President shall determine in accordance with section 620(1) of the Foreign Assistance Act of 1961, as amended."

Mr. HARRIS. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PROXMIRE obtained the floor.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield briefly to the Senator from Oregon without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE U.S. USE OF A LOBBYIST AS INTERMEDIARY WITH A DOMINICAN POLITICIAN

Mr. MORSE. Mr. President, I have a statement to make as chairman of the Subcommittee on Latin American Affairs.

One of the more disturbing elements in our troubles with the Dominican Republic is one that need not have occurred and which certainly need not have occurred and which certainly need not continue. It is the use by the United States of a lobbyist as intermediary with a Dominican politician.

The lobbyist is I. Irving Davidson, and

the Dominican he represents is Joaquin Balaquer. Mr. Balaquer was President of the Dominican Republic for a time after the death of Trujillo.

I do not doubt that Balaquer is still a factor in Dominican politics, and he rightly should be considered as a possibility for public office there again. Moreover, I expect the United States to have some contacts with him as we seek to put together a new government down there, pending new elections.

But to use Mr. Davidson as the intermediary is completely unnecessary and cannot help but cloud still further the good intentions of the United States. Let us face the fact that our virtual occupation of the Dominican Republic and our current, undisguised intention of installing a new government favorable to the United States is not exactly enhancing our standing or our good name in the Western Hemisphere. It is a dirty business at best.

But we are making it dirtier by including in our dealings a paid lobbyist who has advertised his claimed connections with the President by advising his clients in Central America that in 1960 he had assurances from the "L.B.J. policy board" that there will be a general housecleaning of the policymakers of the State Department for Central America, and that the same "L.B.J. policy board" had also promised him "first refusal for representations—ambassadorial, military, et al."

Mr. Davidson made these claims in a letter to Senor Luis Somoza, of Nicaragua, its President, and one of his clients, in a letter dated July 7, 1960. This letter and Mr. Davidson's testimony about it came up in the inquiry of the Foreign Relations Committee into the activities of agents for foreign governments. I ask unanimous consent that portions of the testimony of Mr. Davidson before the committee in 1963 be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, Mr. Davidson is an influence peddler. Among his clients in 1963 were President Somoza of Nicaragua, Ecuadorian sugar interests, Israel military interests, and economic and military interests of Indonesia. On behalf of these clients, he seeks grants and loans under the foreign aid program and sugar quotas.

Today, Mr. Davidson's clients also include President Duvalier of Haiti, and a Texas company controlled by the Murchison family. Two weeks ago, the Justice Department asked Mr. Davidson to register as a representative of Mr. Balaquer as well, which he has not done on the ground that his relations with Balaquer were conducted at the request of the State Department.

One of the items that was included in our hearing record was a letter from Mr. Davidson to President Somoza in 1956, in which he told him:

The colonel is cooperating with me on several good public relations moves, which will be very beneficial for Nicaragua. For instance, he has taken five tickets for the Eisenhower dinner to be held here on January 20. These tickets, which sell for \$100 each are

FOUR LETTERS

Mr. DAVIDSON. I show you copies of four letters, one dated September 18, 1962, addressed to the Honorable John F. Kennedy and signed "Homer E. Capehart."

Mr. DAVIDSON. Yes.

The CHAIRMAN. The second appears to be a carbon of the first but carries at the bottom the notation:

"Blank copies to Irving Davidson, Senator FULBRIGHT, and Carl Marcy."

Mr. DAVIDSON. Yes.

The CHAIRMAN. The third is dated October 16, 1962, and addressed to Senator Capehart and signed by Frederick G. Dutton.

The fourth letter, dated November 1, 1962, is addressed to I. Irving Davidson and signed "George H. Buschmann."

Do you have copies of any and all of these records in your files?

Mr. DAVIDSON. Yes; I do, right.

(Copies of the documents referred to follows:)

U.S. SENATE,

Washington, D.C., September 18, 1962.

HON. JOHN F. KENNEDY,
The President, The White House,
Washington, D.C.

DEAR MR. PRESIDENT: My purpose in writing this letter is to suggest that you invite His Excellency, Luis Somoza, President of the Republic of Nicaragua, to the United States on an official state visit as soon as is conveniently possible.

I believe that President Somoza and the Republic of Nicaragua are entitled to such an honor and that this gesture would demonstrate to the other countries of the OAS, and throughout the world, that the United States recognizes her friends of long standing. I also believe that such a visit would show that the United States recognizes the efforts which are being actively made by this young President to adhere to the principles of the Alliance for Progress.

As you know, Nicaragua's record of friendship with the United States speaks for itself. We cannot, in good conscience, do less than everything in our power to see that the transition in the forthcoming Nicaraguan election is a peaceful one.

I am personally acquainted with the Somoza family and I have known many of our Government's personnel who have served in our Nicaraguan Embassy, and I believe that they agree with my thinking.

Sincerely,

HOMER E. CAPEHART.

SEPTEMBER 18, 1962.

HON. JOHN F. KENNEDY,
The President, The White House,
Washington, D.C.

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I am personally acquainted with the Somoza family, and I have known many of our Government's personnel who have served

in our Nicaraguan Embassy, and I believe that they agree with my thinking.

Sincerely,

HOMER E. CAPEHART.

OCTOBER 16, 1962.

HON. HOMER E. CAPEHART,
U.S. Senate.

DEAR SENATOR CAPEHART: Thank you for your letter of September 18 to the President suggesting that he invite President Luis Somoza to the United States on an official visit. As stated in your letter, the United States should recognize her staunch friends of long standing. In this respect the record of all the Central American States, as well as that of Nicaragua, merits our special attention.

The President has responded favorably to an earlier suggestion that he meet with the Central American Chiefs of State. Unfortunately, an additional official visit could not now be scheduled until 1963. However, the President looks forward to meeting President Somoza when he meets the Central American Chiefs of State.

Sincerely yours,

FREDERICK G. DUTTON.

SENATOR CAPEHART'S LETTER TO THE PRESIDENT

The CHAIRMAN. Do you know—you identify those letters as the ones you wrote and the ones you see?

Mr. DAVIDSON. Yes, sir.

The CHAIRMAN. Do you know an individual named George H. Buschmann?

Mr. DAVIDSON. Yes; I do.

The CHAIRMAN. Who is he, would you identify him?

Mr. DAVIDSON. He was an administrative assistant to Senator Capehart who at one time visited Nicaragua.

The CHAIRMAN. Did you play any part in encouraging Senator Capehart to write his September 18 letter to the President suggesting that an invitation to visit the United States be extended to President Somoza?

Mr. DAVIDSON. I did and went to Senator Capehart and asked him to do all he could.

The CHAIRMAN. Did you ask Mr. Buschmann to "follow through"?

Mr. DAVIDSON. Yes; I did ask him to follow through.

The CHAIRMAN. In what way?

Mr. DAVIDSON. Well, to keep reminding the Senator if he got too busy just to follow through. Senator Capehart had been to Nicaragua, as had Mr. Buschmann, and I felt very strongly that unless the United States showed the opposition in Nicaragua they were not anti-Luis Somoza there was going to be a bloody revolution down there.

MEANING OF NOTATION

The CHAIRMAN. The Buschmann letter carries a written notation on it to the right which says:

"Luis: guess why. My green personality."

Did you write that notation?

Mr. DAVIDSON. Yes; that is in my handwriting.

The CHAIRMAN. Who is Luis?

Mr. DAVIDSON. Luis is the President.

The CHAIRMAN. What did you mean by "Guess why. My green personality"?

Mr. DAVIDSON. I have—the President and I have a lot of personal jokes between us. I could just as well have written down there "Chickens," and he would have known what it is. We have a lot of jokes, or "Walking in tall cotton." What is meant at that time I don't know but it is just we have a lot of personal jokes between us.

The CHAIRMAN. This is only 6 months ago, this is November 1, 1962. It is not even 6 months ago, what did you mean by "My green personality"?

Mr. DAVIDSON. It is just, I really can't recall. I could have put "chickens" down there right now.

The CHAIRMAN. I know you could have, but you put "my green personality." What did you mean to convey there?

Mr. DAVIDSON. I can't remember. It must be I am doing a good job, it is my charming personality.

The CHAIRMAN. What is a green personality, that is not charming, is it?

Mr. DAVIDSON. I don't recollect, I would have put "chickens" down there and it would mean more to a lot of people in Washington than "green personality."

The CHAIRMAN. What would "chickens" mean?

Mr. DAVIDSON. Well, we have a very closely knit organization called the Chicken Club.

The CHAIRMAN. What is that?

Mr. DAVIDSON. Well, it is an organization with a lot of prominent people in it, and we identify one another by "chickens" or "Mr. Green," or things of that nature and "walking in tall cotton," you probably heard about it when we put the chickens out on the football field.

The CHAIRMAN. They have each a different significance, don't you recall what "my green personality" means?

Mr. DAVIDSON. No; I don't put any great significance on it, like I said my great personality.

The CHAIRMAN. Whether you do or not, you meant to convey something to the President of Nicaragua by that notation, didn't you? Why did you put it there?

Mr. DAVIDSON. Well, I had some problems down in Nicaragua with part of the official family, Mr. Chairman; I had some problems down in Nicaragua with part of the official family, and someone called me up and said that the statement was made that I was green with envy because an association that I had, that no longer exists and I was very green with envy, and I have quite a—developed quite a split with half of the presidential family down there, and in my conversation with the President, I wanted him to know that I wasn't green with envy and it could be referred to that. I am dealing at arm's length with the general and I am very close with the President and that could be what that meant.

RECEIPT FROM LUIS SOMOZA FOR SERVICES RENDERED—1961

The CHAIRMAN. Mr. Davidson, I show you what looks to be a receipt from Luis A. Somoza for services rendered for 1961 on behalf of Nicaraguan Government dated December 1961.

Mr. DAVIDSON. Right.

(A copy of the document referred to follows:)

DECEMBER 1961.

Received of Luis A. Somoza, President of Nicaragua, for services rendered the Government of Nicaragua during the year 1961.....	\$12,000
Reimbursement of expenses incurred during 1961 in behalf of principal.....	4,000
Total.....	16,000

I. IRVING DAVIDSON,
U.S. Representative,
Nicaraguan Government Agency.

The CHAIRMAN. Did you give a signed copy of such a receipt to Mr. Luis Somoza?

Mr. DAVIDSON. Yes.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, will the Senator from Wisconsin yield, without losing the floor?

country and his people even when he was insulting us.

The net effect of the whole amendment would be to complicate our problems of moving ahead toward peace in the world. It would, in effect, place our Nation in a straitjacket. We hurt no one but ourselves in such a move, and we limit only the chances for an easing of tensions.

The PRESIDING OFFICER. All time has now expired. The question is on agreeing to the amendment of the Senator from Oklahoma.

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Virginia [Mr. BYRD], the Senator from Arizona [Mr. HAYDEN], the Senator from Hawaii [Mr. INOUE], the Senator from Missouri [Mr. LONG], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I also announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Alabama [Mr. SPARKMAN], are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK] would vote "yea."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Alabama [Mr. SPARKMAN].

If present and voting, the Senator from Washington would vote "yea" and the Senator from Alabama would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] and the Senator from Kansas [Mr. PEARSON] are absent on official business and, if present and voting, would each vote "yea."

The Senator from Massachusetts [Mr. SALTONSTALL] is detained on official business and, if present and voting, would vote "yea."

The result was announced—yeas 73, nays 13, as follows:

[No. 116 Leg.]

YEAS—73

Anderson	Hart	Nelson
Bartlett	Hartke	Neuberger
Bayh	Hill	Pastore
Bennett	Holland	Proxmire
Bible	Hruska	Randolph
Boggs	Jackson	Ribicoff
Brewster	Javits	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell, Ga.
Cannon	Jordan, Idaho	Scott
Carlson	Kennedy, Mass.	Simpson
Case	Kennedy, N.Y.	Smathers
Clark	Kuchel	Smith
Cotton	Long, La.	Stennis
Curtis	McClellan	Symington
Dirksen	McGovern	Talmadge
Dodd	McIntyre	Thurmond
Dominick	Metcalf	Tower
Douglas	Miller	Tydings
Eastland	Mondale	Williams, N.J.
Ellender	Monroney	Williams, Del.
Ervin	Montoya	Yarborough
Fannin	Morse	Young, N. Dak.
Fong	Moss	Young, Ohio
Gruening	Mundt	
Harris	Murphy	

NAYS—13

Alken	Hickenlooper	Morton
Church	Lausche	Pell
Cooper	Mansfield	Prouty
Fulbright	McGee	
Gore	McNamara	

NOT VOTING—14

Allott	Inouye	Pearson
Bass	Long, Mo.	Russell, S.C.
Burdick	Magnuson	Saltonstall
Byrd, Va.	McCarthy	Sparkman
Hayden	Muskie	

So Mr. HARRIS' amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE obtained the floor.

ORDER OF BUSINESS AND ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. DIRKSEN. I should like to ask the majority leader about the remainder of the day and also whether he plans to have the Senate convene early tomorrow.

Mr. MANSFIELD. Mr. President, the subject has been discussed. I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, anticipating an exodus there will be no further yea-and-nay votes today. There will be some interesting talks on the bracero problem, interest rates, and other subjects, which all Senators are invited to attend.

Mr. DIRKSEN. Mr. President, one further question. Will there be a morning hour tomorrow?

Mr. MANSFIELD. Yes; there will be a morning hour tomorrow. I might add that there is a long chance—a very outside chance—that the bill may be disposed of tomorrow night. I would not bet on it, but I would hope that by Monday or Tuesday, at the latest, it can be completed.

Mr. DIRKSEN. Mr. President, while we are about it, I should like to query the majority leader on a very interesting question. Will there be a Saturday session?

Mr. MANSFIELD. No.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, will the Senator yield further?

Mr. PROXMIRE. I am happy to yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from New York.

AMENDMENT NO. 260

Mr. JAVITS. Mr. President I call up my amendment No. 260, as modified, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 4, between lines 4 and 5, it is proposed to insert the following:

(c) Add the following new section:

"SEC. 206. REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. JAVITS. Mr. President, I shall be very brief. Very large amounts of economic aid are now moving into Africa, insofar as the United States is concerned, through AID, food for peace, and the Export-Import Bank. In the fiscal year 1964 it amounted to approximately \$379 million.

In addition, aid from other free world countries—principally the United Kingdom, West Germany, and France—amounting, in round figures, to \$986 million, and from international organizations, totaling \$209 million moved into Africa in the same year.

There is also important competition in aid from the Sino-Soviet bloc in the amount of some \$413 million in 1964.

The purpose of this amendment is to focus the attention of the President and of our AID organization to African economic development, to encourage African economic development through regional development institutions, including the newly created African Development Bank, and to maximize, to the greatest possible extent, the channeling of free world economic aid to Africa through African regional development institutions on the basis of self-help and mutual cooperation.

In proposing this amendment I want to make it entirely clear—and this is evident from the statistics I cited previously—that, in my view, the principal responsibility for free world economic assistance to Africa rests with Europe, with the United States taking a "monority position," differing in that way from the role played by the United States in Latin America. In presenting the amendment, I made it clear to the Senator from Arkansas, that I would make my position clear on this point.

African nations are making great progress in the field of economic and social development through self-help, despite great handicaps of low income, lack of infrastructure, illiteracy, and disease. Examples cited by Governor Williams, Assistant Secretary of State for African Affairs, during the course of testimony presented before the House Foreign Affairs Committee on February 10 of this year clearly illustrate this:

First. In recent years Liberia, Ethiopia, and Nigeria have been able to increase their gross national product by 4 to 5 percent annually.

Second. Agricultural production for the entire continent has risen 25 percent in the past 10 years.

Third. African exports have increased 45 percent in the same period of time.

Fourth. Oil production in Libya and Nigeria has increased sharply in the last 4 years.

Fifth. The U.N. Economic Commission for Africa is one of the most active and most effective of the U.N. regional bodies. Its activities in planning for African development auger well for the future. For example:

(a) The ECA fathered the African Development Bank established last year.

(b) The ECA is cooperating with African nations in planning regionally integrated programs in such fields as transportation, telecommunications, and industrialization.

By assisting the advancement of regional development institutions—through technical assistance, projects financed in cooperation with the African Development Bank, with international lending organizations, and with European nations we can make possible effective self-help and mutual cooperation in Africa. We are doing that very successfully in Latin America. I believe the time has come to direct the attention of the administration toward that concept in Africa.

I have submitted the amendment to AID and have redrafted it in terms which are satisfactory to them. I hope very much that the chairman of the committee, who has such a great interest in this particular area, may consider the amendment worthy and will take it to conference.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. I have discussed the amendment with the distinguished Senator from New York. I believe that the idea of utilizing regional banks or other multilateral or multinational institutions is a good one. I wish to make clear that in the African case, while I favor our participation, I am very strongly of the opinion that we should not attempt to be the dominant member of the bank. This is essentially a European responsibility. While we have some responsibility, we should be a minority stockholder, so to speak, in the bank, just as I expect us to be in the Asian bank, which is now under consideration. But I believe the idea of regional banks to help undeveloped countries is a good one, and I am willing to take the amendment to conference. But

I wish it understood that whatever influence I have will be against our trying to be the big, dominant factor in the African or Asian bank.

Mr. JAVITS. If the Senator will allow me. I should like to join the Senator completely in his statement. I should like to state in the RECORD my motivation.

I have probably been as active as anyone in our Government in trying to bring Europe into helping in Latin America. The great Adela project which resulted in the creation of the Adela Investment Co. last September is an example. Though we recognize that the growth of African regional development institutions, as it should properly be, involves a greater European commitment, we should be willing to use our initiative and our governmental machinery to see if this great project in Africa can be forwarded, and we should extend to this, as it were, the hand of cooperation.

I thoroughly agree with the Senator. I shall do everything I possibly can in cooperation with the Senator to see that our role is a minority one, as it properly should be.

Mr. FULBRIGHT. With that understanding, I am willing to take the amendment to conference. I approve of it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SCOTT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION PICTURE ENTITLED "JOHN F. KENNEDY—YEARS OF LIGHTNING DAY OF DRUMS"—CONCURRENT RESOLUTION

Mr. McGOVERN. Mr. President, I ask that the Chair lay before the Senate House Concurrent Resolution 285, and that it be read and placed on the calendar.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The concurrent resolution will be stated.

The legislative clerk read the concurrent resolution, as follows:

Whereas the life of John Fitzgerald Kennedy is a continuing inspiration to American citizens all across our Nation; and

Whereas the film "John F. Kennedy—Years of Lightning, Day of Drums" is a part of the country's history which every American citizen is entitled to share: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress that—

(1) the people of the United States should not be denied an opportunity to view the film prepared by the United States Information Agency entitled "John F. Kennedy—Years of Lightning, Day of Drums", and

(2) the United States Information Agency should make appropriate arrangements to make such film available for distribution through educational and commercial media for viewing within the United States.

Mr. McGOVERN. Mr. President, I am delighted by the action taken yesterday by the House of Representatives which approved, by an overwhelming bipartisan vote of 311-75, House Concurrent Resolution 285 to allow the showing in the United States of the U.S. Information Agency film "John F. Kennedy—Years of Lightning, Day of Drums."

On the opening day of the current session of the Congress, I introduced a similar concurrent resolution in the Senate to permit the American public to view this brilliant memorial film on the administration of our late beloved President John Kennedy. I was joined in this effort by 38 cosponsors from both sides of the aisle.

This stirring film is not a partisan affair. It is a drama which grows out of the life of the American people. President Kennedy's life is a continuing inspiration to Americans all across our land. It would be unfortunate if the people of the United States were to be denied the opportunity of viewing this dramatic story of his brief years in the White House. In the words of the resolution, the film is "a part of the country's history which every American citizen is entitled to share."

Mr. President, I am most hopeful of early favorable action by the Senate on House Concurrent Resolution 285.

The PRESIDING OFFICER. Without objection, the concurrent resolution will be placed on the calendar.

SOLID ACHIEVEMENTS OF PEACE CORPS AND POVERTY PROBLEM UNDER SARGENT SHRIVER

Mr. PROXMIRE. Mr. President, last week a measure shot through the Senate with the speed of light and the silence of the deep. This amendment sought to do indirectly what could not be done directly. I refer, of course, to the Javits amendment to the Peace Corps bill, which would bar Sargent Shriver from holding simultaneously both his Peace Corps and Poverty positions.

I objected to the amendment at that time for both substantive and procedural reasons, but the amendment was gavelled through the Senate on a voice vote with less than half a dozen Senators in the Chamber.

I objected to the acceptance of the amendment the following day and pointed out that it would have been overwhelmingly rejected if it had been brought up and debated in the presence of a quorum of the Senate. The Senator from New York [Mr. JAVITS] had raised this issue when Mr. Shriver's appointment to the poverty post was being considered by the Senate. It will be recalled that Mr. Shriver's appointment to direct the war on poverty was subsequently enthusiastically and overwhelmingly endorsed by the Senate, although it was well known that he was also the Director of the Peace Corps.

There was no criticism of the distinguished senior Senator from New York for raising the issue of two jobs at that time, nor could there have been. That was the proper time for such an issue

to be raised. The Senate then proceeded to confirm Mr. Shriver's appointment, and presumably the matter was settled last fall.

In view of the fact that the Senate has now reversed itself, are we to conclude that in the several months that have elapsed between these two events, one or both of the programs has slipped so badly that it is now obvious that Mr. Shriver cannot hold both jobs?

Although the Senate has reviewed both programs, no such evidence was brought out. The evidence is distinctly to the contrary. Both programs are moving along strongly and well.

The reason I have taken the floor this afternoon on this issue is that I believe the debate to date on this subject has not really gone to the heart of the question, which is how the Peace Corps and now the poverty program have proceeded under the joint directorship of Mr. Shriver. The Javits amendment has made this an issue.

Let us take a look at the record. How has the Peace Corps done? How has the poverty program fared under Sargent Shriver? That is the real issue.

In its report to Congress for fiscal year 1966, the Peace Corps showed continued growth, both in program development and in the overall job which the Peace Corps is doing.

The Peace Corps began 4 years ago with 120 volunteers assigned to 3 countries. Today there are almost 9,000 volunteers in 46 countries, and by the end of the summer there will be almost 14,000 volunteers and trainees in 47 countries. The planned total strength by August 31, 1966, is 15,110 volunteers and trainees. There will still be requests for many more than the Corps capability to field.

Another measure of the success of the program is the growth of the "voluntary service" idea to other countries. By December 1964, 12 other industrialized nations had volunteers in the field. By the end of 1965, Sweden and Japan will also have their equivalents of the Peace Corps in the field.

The number of domestic Peace Corps is also on the rise. Thailand's Voluntary Rural Development Corps, now beyond the planning stage, awaits budgetary approval by the cabinet. India is planning a Development Corps of 5,000 to 10,000. Peru's student Peace Corps, begun in 1963, now has 1,200 students working in the Andean highlands. And in Ethiopia, many students now give a year to their country in the Ethiopia University Service.

The Peace Corps program is being steadily broadened from its bases of education, public health, agriculture, and community action. The Corps will expand its research on and use of educational television after a highly successful beginning in Columbia. The public health and public medicine programs—which have cut the disease rates tremendously in many countries—will be expanded. There will be a substantial increase in industrial recruiting to help to spread the benefits of our technological progress abroad.

Is the Peace Corps less efficient than it was? The thesis of those who favor

the amendment to eliminate Sargent Shriver from the Peace Corps, or to eliminate him from one of the two jobs—the Senator from New York specifically recommends his elimination from the Peace Corps—is that the Peace Corps is not as efficient as it used to be or as it should be. What is the record?

The Peace Corps has, in fact, shown a substantial improvement in efficiency in the past year try the test of how far each dollar or administrative cost is now going in the Peace Corps. Under this test, the Peace Corps is doing more with a sharply lower ratio of administrative cost.

For example, in 1963, there were 6,635 trainees and volunteers in the program, and the ratio of trainees and volunteers to employed persons was 6 to 1. In 1964, there were 10,494 trainees and volunteers, and the ratio improved to 10 to 1. In 1965, there are 13,710 volunteers and trainees, and the ratio is 12 to 1. Next year there will be 15,110 trainees and volunteers to 1,792 employed persons, for a ratio of 13 to 1.

The morale of the Corps and its public image, both at home and abroad, remain excellent. I believe that without exaggeration I could call it inspiring.

Who can forget the manner in which Peace Corps volunteers were welcomed by both sides—by rebels and government forces alike—during the heavy fighting that took place in the early days of the revolution in the Dominican Republic? The volunteers, it will be recalled, were allowed to move freely from one zone to another to bury the dead, provide medical aid and to deliver food, water, and supplies. Often, the volunteers were spontaneously cheered.

Yet despite these great achievements, this great progress—all made under the direction of Mr. Shriver—the Senator from New York [Mr. JAVITS] is seeking Mr. Shriver's dismissal.

Mr. President, recently Mr. E. W. Kenworthy, writing in the New York Times, gave an account of the reaction of Members of the House to the Senate's precipitate action. As Mr. Kenworthy points out in his lead paragraph, "Members of the House Foreign Affairs Committee praised Sargent Shriver lavishly" and told him "they could not care less if President Johnson insisted on his wearing two hats."

I ask unanimous consent that Mr. Kenworthy's article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOUSE UNIT HAILS SHRIVER IN TWO JOBS—
VOWS RESISTANCE TO MAKING HIM QUIT
ONE OF THEM

(By E. W. Kenworthy)

WASHINGTON, June 8.—Members of the House Foreign Affairs Committee praised Sargent Shriver lavishly today and told him they could not care less if President Johnson insisted on his wearing two hats.

Mr. Shriver, a brother-in-law of President Kennedy, is Director of both the Peace Corps and the Office of Economic Opportunity, which administers the antipoverty program.

Last Wednesday, while the Senate was considering the \$115 million authorization bill for the Peace Corps, Senator JACOB K. JAVITS, Republican, of New York, offered an

amendment requiring Mr. Shriver to give up one of the two jobs.

Senator J. W. FULBRIGHT, chairman of the Foreign Relations Committee, floor manager of the bill, accepted the amendment, and a handful of Senators on the floor passed it by voice vote.

President Johnson made plain that he would fight to retain Mr. Shriver in both posts.

Today, Democrats and Republicans alike on the Foreign Affairs Committee made plain that the President would have some help.

When Mr. Shriver appeared to testify on the authorization bill, the committee chairman, THOMAS E. MORGAN, Democrat, of Pennsylvania, immediately raised the question of the Javits amendment.

Mr. Shriver said he had never asked for either job; that he had, in fact, proposed several people for both posts; that he was an appointee of the President, and that anybody asked to do a job by the President "ought to try and do it."

PLEDGES RESISTANCE

Mr. MORGAN agreed and said that if anybody in the committee or on the floor offered a parallel amendment "there will be more resistance here than in the other body."

Mr. Morgan said it seemed highly unusual for the Senate first to confirm Mr. Shriver for both jobs and then try to force him to relinquish one of them.

Representative WAYNE L. HAYS, Democrat, of Ohio, said that under Mr. Shriver's direction the Peace Corps had exceeded the fondest dreams of its supporters. His one concern, Mr. HAYS went on, was that what he foresaw as the colossal failure of the antipoverty program might tarnish the luster of the Peace Corps.

HARRIS B. McDOWELL, Jr., Democrat, of Delaware, predicted that the critics of the antipoverty program would change their minds, as critics of the Peace Corps, changed theirs.

FRANCIS P. BOLTON, of Ohio, ranking Republican on the committee, told Mr. Shriver:

"I hope we will not interfere with the depth and breadth and height of your talents. I want to thank you for your generosity in giving that which has been given to you. If you can do that for the poverty program, you will do something for this country. I am grateful to the Lord for putting you around here to stimulate us."

Mr. Shriver said the Peace Corps, partly because it did not take on all the volunteers originally planned but largely because of economics, was returning to the Treasury \$12 million of this year's \$104 million appropriation. It had cut the living cost for a volunteer abroad from \$150 to \$103 a month, he said.

The Peace Corps now has 10,000 volunteers. By August 31, it will have 13,710 volunteers and trainees; by August 1966, there will be 15,110.

President Johnson has asked Attorney General Nicholas deB. Katzenbach for an opinion on the right of Congress to require Mr. Shriver to give up one of his jobs.

Mr. Shriver draws the \$28,500 salary of his Peace Corps job but not the \$30,000 salary as antipoverty director.

He told the committee it would be illegal for him to take two salaries. BARRATT O'HARA, Democrat of Illinois, commented:

"You do two jobs for one salary. Isn't that consistent with the President's program of turning out the lights?"

Mr. PROXMIRE, Mr. President, what about the poverty program? Has Mr. Shriver neglected this responsibility? Members of the House Committee on Education and Labor recently conducted hearings on the program.

strain and mute critics of the new domestic youth projects—the Job Corps, the Youth Neighborhood Corps, and the domestic replica of the Peace Corps, VISTA. One vision has fostered many.

[From the Council Bluffs (Iowa) Nonpareil, Apr. 7, 1965]

CONTINGENT TO GROW TO 650: INDIAN GOVERNMENT CALLS FOR MORE PEACE CORPSMEN
(By Dan Coggin)

MEHRAULI, INDIA.—Peace Corps Man Tim Crean was bent over his battered desk catching up on paperwork when a great cackling and clucking shattered the quiet of the village street outside his tiny office.

In burst a bearded Indian peasant and several helpers bearing armloads of excited, flapping chickens which they dumped on the floor.

In the babel of Hindi and Punjabi, languages Tim understands, he learned that a family crisis brought this Indian chicken farmer and 150 birds to the Indian cooperative union, a poultry venture started with his advisory help a year ago.

Helpers transferred the flock from a bullock cart to the office.

The chicken farmer explained that he was a Brahmin. Parents of his daughter's fiancé threatened to cancel their marriage contract unless he stopped working with poultry—they deemed this unworthy for India's highest social caste.

A week later—after the wedding—the farmer came back for his 150 birds and stayed in the poultry business.

SATISFIED CUSTOMER

"You might call him a satisfied customer," chuckled Crean, 24, a native of Portland, Me., recalling this lighter episode of his tour as one of 274 Peace Corps volunteers in India.

The Indian Government, encouraged by results of the program that started with 26 volunteers 3 years ago, continues to ask for more and more corpsmen.

Brent Ashabranner, 43, Peace Corps director in India, said his contingent will grow to about 650 in September, may number 1,000 by this time next year and stand to be perhaps the largest Peace Corps team in any nation.

"But the program will still be small in terms of India's potential and need," Ashabranner said, noting that India's 480 million outnumber the populations of Africa and Latin America combined.

Crean last April brought American know-how to Mehrauli after spending his first 3 months in India on a poultry project in the desert State of Rajasthan. People eager to start chicken and egg enterprises need expert advice.

Tim launched Mehrauli's government-aided poultry cooperative with 12 families and 1,500 chickens. It now has 40 families and 15,000 birds and 10,000 more chickens will be added before Tim completes his tour in September.

FOOD A DAILY CRISIS

Families now participating in the project were all farmers previously and scratched out an average of 30 rupees—\$6.30—a month raising mustard seed or other crops on small plots of land. Getting enough to eat was a daily crisis.

Given loans to cover most of their initial poultry outlays, these families now earn an average of \$42 a month—far above the nationwide average.

The operation is going so well, according to Tim's superiors, that no other corpsman is expected to be assigned to Mehrauli when he goes home. The Indians can run it themselves.

Tim will go back to school in September and hopes to add a degree in Indian studies from the University of Pennsylvania to his

political science degree from the University of Maine, class of 1963. His eventual aim is to return to India as a diplomat.

[From the New York (N.Y.) Journal American, Mar. 1, 1965]

THE PEACE CORPS—AND A MAD DOG

In a very short time the Peace Corps has come a very long way.

At first scorned by cynical doubters, it was regarded as being, at best, a symbol of America's friendly intent. It has become, as President Johnson has proudly pointed out, an essential instrument of U.S. action in meeting our world responsibilities.

The President's glowing praise graced his quest in Congress of a \$21.1 million increase, to \$125.2 million, in the Peace Corps appropriation for the next fiscal year. This would enable the Corps to expand from 15,000 to 17,000 volunteers.

The Peace Corps, engrossed now in the needs of many countries, has become a tremendous civilizing influence and, in its achievements, an effective means of impressing on these countries America's readiness to activate, by convincing deed, its words and work of friendship.

One way the Peace Corps works—in this case to save life—was demonstrated here over the weekend when a Peace Corps messenger planned in from Togo, West Africa, with the brain of a dog. The animal had bitten five persons there. Rabies was suspected by U.S. Public Health veterinarian Robert Schotteno, who was at the scene.

Dr. Morris Schaeffer, director of the city health department's bureau of laboratories, confirmed that the dog was rabid. The news was radioed to Togo and antitoxin treatment was begun.

Five persons will live—a convincing deed, indeed.

[From the Schenectady (N.Y.) Union-Star, Jan. 12, 1965]

PEACE CORPS MOVES ON IN SPIRIT, DEDICATION

After 4 years, the Peace Corps has become a seasoned organization and apparently is adequately doing the job which the founders intended it to do in a troubled world. It's almost impossible to assess exactly how extensive and effective its accomplishments have been. It's difficult to evaluate how well the United States, through the Corps, has depicted its image in so many foreign lands.

The character of the Peace Corps has changed, the New York Herald Tribune noted in a story Sunday. One of its chief examiners who has been administering the Corps tests to applicants said that it is drawing a different clientele today. "When the tests first started," he said, "we got the beatniks—young people who thought it would be a lark, a paid vacation. Now we get the more sedate, serious person." Perhaps his description of the earlier applicants fits in many cases. However, we knew some early members of the Corps and others who aspired to join it in the Schenectady area, and they were very dedicated people with truly unselfish goals in life.

Now, the novelty of the Peace Corps has worn off, the pay is low and the living conditions for many members overseas are almost intolerable by our standards. One of its recent applicants, a professional model and receptionist, explained her desire to join this way: "I want to do something that will make me feel good inside. I want to help those who don't have it so good."

In that lies the spirit of the Peace Corps, and it tends to make the most cynical persons think twice about its role in strife-torn areas of the world. With enough dedicated people like that we may one day attain here at home that Great Society President Johnson is talking about.

[From the Manila Chronicle, May 24, 1965]

PASIG ADOPTS TWO PEACE CORPS GIRLS

PASIG, Rizal, May 23.—(CNS)—For a job well done, two female American Peace Corps volunteers assigned to this capital town, were made adopted daughters in a resolution passed by the municipal council.

The two Peace Corps workers are Misses Nanci Bush, 23, of Oakland, Calif., and Patricia Brown, 23, of Hubbsville, N.C.

They were assigned here in 1963. Miss Bush is teaching at San Joaquin elementary school while Miss Brown is with the teaching staff of the Maybunga elementary.

Bush is teaching English, science and arts. She majored in social work while Brown is an education major. Miss Bush who acted as spokesman, commented that this town is undergoing a big change and that progress is seen in all places here.

Asked how they feel about being made adopted daughters of the town, Miss Bush said they were very grateful and wished they could help further in the educational growth of the locality.

Mayor Emiliano R. Caruncho, Jr., said the council adopted the two Americans as a sign of gratitude for their invaluable service to the community.

Caruncho said the dedication and efforts the two Peace Corps workers had exerted in their respective assignments could not be paid back in terms of money.

Bush and Brown are returning to the United States this June after completing their tour of duty in the Philippines. They will make a side trip to other Asian countries and Europe before enplaning for home.—rm

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1965, as amended, and for other purposes.

AMENDMENT NO. 255

Mr. PELL. Mr. President, I call up my amendment No. 255 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 4, line 21, strike out "July 1, 1966" and insert in lieu thereof "July 1, 1967".

On page 4, line 24, strike out "\$7,000,000" and insert in lieu thereof "\$9,000,000".

Mr. PELL. Mr. President, as I mentioned upon introduction of this amendment on June 8, this bill provides a modest increase in the funds authorized for support of American-sponsored schools and hospitals abroad. The administration had recommended an abrupt drop in the amount of this assistance from \$18 million to \$7 million and my amendment would increase this amount to \$9 million in each of the next 2 fiscal years.

The act does not earmark the institutions to which this assistance should be given, and I do not presume to do so, either. However, as I suggested in my statement on June 8, I have been particularly impressed by the two projects which I believe should be given consideration for the assistance granted under this section of the act. They are the Polish Children's Hospital in Krakow, Poland and the Hadassah Hebrew University Medical Center in Jerusalem.

The RECORD should show that both of these projects seem to qualify admirably under the new criteria which were described by the AID representatives on page 403 of the Senate hearings. The Deputy Administrator, Mr. William S. Gaud told the committee:

We believe that the special authority of section 214 should be limited to the support of institutions whose primary function is education and research whether in medicine or in other fields.

While it is perfectly true that the emphasis of the Krakow project to date has been on medical treatment, as opposed to education, I am informed that the new expansion which they now contemplate is related closely to education and research. The immediate need of this project is for a feasibility study of a combined training school and residence for nurses and a separate laboratory facility. These facilities would enable the Krakow hospital to train a continuing supply of nurses who will in time carry the message of this American-sponsored institution to all parts of Poland.

The Hadassah-Hebrew University Medical Center in Jerusalem has an already established record as a training center in the healing arts. As its name implies, it is a teaching facility, and part of a university. Last year, there were 1,357 students enrolled in the schools which are part of the medical center. Seven hundred forty-seven of them were enrolled in the medical school alone; others were enrolled in schools of dentistry, nursing, and pharmacology.

What is most impressive about this center, to my mind, is the fact that it is rendering a valuable educational service on an international basis. While its primary service is, understandably to the needs of Israel, it is playing an expanding role in training the professional medical personnel needed throughout the developing countries of Africa and Asia. The center includes an Afro-Asian Institute whose mission is to train persons from such countries and send them back to serve their people. Last year, the institute had an enrollment of 58, representing Liberia, Ethiopia, Ghana, Nigeria, British Guinea, Cyprus, Kenya, Mauritania, Nepal, Tanzania, and Uganda. Clearly such a project fully meets the standards of the agency.

I have discussed the amendment with the chairman of the committee, and understand that he might be willing to accept it.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. PELL. I yield.

Mr. FULBRIGHT. Does the Senator contemplate that it would involve utilization of local currencies that have accumulated in the respective countries?

Mr. PELL. It would involve utilization of local currencies that had accumulated in such countries as Poland and Israel, among nine countries left with a balance of local currencies. They have huge supplies of them, and would not suffer as a result of this amendment.

Mr. FULBRIGHT. Is it anticipated that this is an authorization for an ap-

propriation to be used to purchase local currencies now in the Treasury?

Mr. PELL. That is correct.

Mr. FULBRIGHT. In view of the fact that we did not have testimony on these specific projects, if the amendment is accepted it is not with the understanding that this money is earmarked for these two particular projects, because they will have to be justified to the administration. I would not want to be in the position of saying in accepting the amendment, when I do not know, that they are to be earmarked for these particular projects. The cases for the projects will have to be made before the agency. Is that correct?

Mr. PELL. That is correct, although I hope our colloquy would show these two projects to be in our minds as we appropriated this amount of money.

Mr. FULBRIGHT. The Senator has made that clear, but we have not had the testimony and the usual examination in such cases. The committee gave what the administration requested on those items; namely, \$7 million. The Senator has referred to the nature of the projects. While I generally agree that these currencies should be utilized to the fullest for any worthy projects, because they should be used, especially in Poland, where the opportunity is somewhat limited, and I would like to see the currencies utilized for these worthy projects, I am not in a position to say that this is the only way the currencies should be used.

Mr. PELL. I understand.

Mr. FULBRIGHT. The RECORD should show that if I take this amendment, it is on the basis that I will take it to conference and subsequently we shall receive comments from the administration. The Senator and his friends can make efforts to persuade the administration that these are good projects. If that is the understanding, I will take the amendment to conference on the general principle that it is good policy to use local currencies for worthy projects. I am in favor of that.

Mr. PELL. I thank the Senator and am delighted that he will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island [Mr. PELL].

The amendment was agreed to.

FEDERAL RESERVE BOARD GOVERNOR ROBERTSON OPPOSES TIGHT MONEY

Mr. PROXMIRE. Mr. President, a distinguished member of the Federal Reserve Board, Gov. J. L. Robertson, spoke some mighty welcome words in Pittsburgh last night.

He took sharp issue with some of the statements of the Reserve Board Chairman, William Martin.

Mr. Robertson's statement was especially remarkable because he not only pointed to the bad effects of high interest rates on our domestic economy; but he made a fresh and convincing indictment of the thesis that higher in-

terest rates would assist in improving our adverse balance of payments.

As Governor Robertson pointed out:

Our balance of payments is not suffering from the "traditional" ailments for which tighter money has come to be regarded as the "traditional" solution.

We are not suffering from domestic inflation, with a resulting excess of imports over exports and accompanied by a flight from the currency.

Robertson pointed out that raising interest rates here would simply drive up European rates too.

Governor Robertson makes an ingenious argument that I have not heard before, in explaining why higher interest rates is exactly the wrong prescription. He points out that the prime reason for our adverse balance of payments has been the great increase in the flow of American funds abroad, and then he says:

This unprecedented outflow of capital was generated at least in part, by an apprehension on the part of American corporations and their overseas subsidiaries that interest rates here might rise substantially, or that direct controls on capital outflows might be instituted.

Much of the Robertson speech is, in fact, an excellent defense of the President's program of voluntary guidelines to restrain the flow of funds abroad. Governor Robertson shows why the program was wise and necessary and assesses how well it is working.

Mr. President, I ask unanimous consent that the speech delivered yesterday in Pittsburgh by Governor Robertson, of the Federal Reserve Board, at a meeting sponsored by the Directors of the Federal Reserve Bank of Cleveland and its Cincinnati and Pittsburgh branches be printed in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE BALANCE-OF-PAYMENTS PROBLEM SHORT-TERM RELIEF AND LONG-TERM REMEDY
(Remarks of J. L. Robertson, member of the Board of Governors of the Federal Reserve System)

It is a pleasure to come to Pittsburgh and to meet with the leaders of a community and area that have done such a magnificent job of demonstrating what can be accomplished by that good old-fashioned American virtue of self-help. I feel a certain kinship with you on this score, since my own hometown, Broken Bow, Nebr., has also been an exemplar of this same spirit, albeit on a somewhat smaller scale. However, Broken Bow may even be ahead of you in one respect. Its efforts have inspired a movie, called "The Broken Bow Story," which is not about cowboys and Indians but about the efforts one small community is making to improve its balance of payments.

Of course, they do not describe it quite that way in Broken Bow, but the fact is that balance-of-payments troubles are not confined to the area of international finance. Communities and even individuals may have them; and when we have them, no matter what name we give them, we know that we have a real problem on our hands.

It has taken quite a long time for most Americans to realize that we, as a nation, had this kind of trouble. I made my first talk on this subject just 6 years ago. I warned at that time that if we ignored the problem,

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

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HIGHLIGHTS: Senate debated foreign aid authorization bill.

SENATE

1. FOREIGN AID. Continued debate on S. 1837, the foreign aid authorization bill.
pp. 12878-99, 12902-6

Agreed to the following amendments:

- By Sen. Lausche, 42 to 39, to reduce use of U. S. development loan funds from 20 percent to 15 percent. p. 12880
- By Sen. Gruening, to disapprove any loan by IDA for any country to which aid has been suspended because of acts unfriendly to the U. S. p. 12881
- By Sen. Morse, 40 to 35, to limit to \$3.243 billion aggregate authorizations for use during fiscal years 1966 and 1967 for assistance and for administrative expenses. p. 12903

Rejected the following amendments:

- By Sen. Morse, 10 to 71, to eliminate language that would authorize assistance to foreign military forces to construct public works and to engage in activities helpful to the economic and social development of free countries. p. 12884

Sen. Williams', Del., point of order was sustained against Sen. McGovern's amendment authorizing \$50 million annually for donation to school lunch and similar programs in eligible foreign countries. pp. 12903-6

2. PERSONNEL. Passed without amendment H. R. 1782, to amend the Retired Federal Employees Health Benefits Act with respect to Government contribution for expenses incurred in the administration of the Act. This bill will now be sent to the President. p. 12846
Passed without amendment S. 1496, to repeal the act which prohibits the detail of field personnel to duty in D. C. except performance of duties in connection with their field offices. p. 12847
3. CONSERVATION. Sen. Monroney inserted an Okla. Legislature resolution urging Congress "to continue the agricultural conservation program by supporting the annual appropriation of \$250 million for such program." p. 12835
4. ARTS AND HUMANITIES. Sen. Thurmond spoke in opposition to S. 1483, to provide for the establishment of the National Foundation of the Arts and the Humanities (pp. 12845-6), and Sen. Pell commended its passage in the Senate (p. 12865).
5. LAND USE. Sen. Bible commended the Classification and Multiple Use Act and inserted an article, "Pattern for Land-Use Planning." pp. 848
6. FARM LABOR. Sen. Javits commended and inserted a report of the New York City Bar Association "strongly supporting additional legislation in the migratory labor field." pp. 12853-6
7. MILK. Sen. Mondale inserted a letter expressing support of his bill to eliminate unnecessary and unreasonable restrictions to the free flow of milk products in interstate commerce. p. 12859
8. METRIC SYSTEM. Sen. Pell inserted and commended an editorial urging adoption of the metric system in the U. S. pp. 12862-3
9. FORESTRY. Sen. Church inserted a statement by Sen. Nelson on forest recreation. pp. 12863-4
10. ALLIANCE FOR PROGRESS. Sen. Pell inserted a tabulation showing use of Alliance for Progress funds under the AID program in Latin America. p. 12863
11. ADJOURNED until Mon., June 14. p. 12909

ITEMS IN APPENDIX

12. FOREIGN TRADE. Rep. McVickers inserted articles favoring relaxation of trade barriers to "increase cooperation and lessen friction in the world." pp. A3047-8
13. ECONOMICS. Sen. Bible inserted an article, "Economic Inequities: Basis of Economy." pp. A3052-3

PRINTED HEARINGS RECEIVED BY THIS OFFICE

14. APPROPRIATIONS. Department of Defense appropriations for 1966. Part 4, procurement. Part 5, research, development, etc. H. Appropriations Committee.
15. BANKING. H. R. 4152, Federal intermediate credit banks. H. Agriculture Committee.

States of New Jersey and West Virginia; the Distinguished Service Award of the Air University and the Exceptional Service Award of the Air Force.

Mr. President, I am gratified to report that on Wednesday, June 2, 1965, the citizens of Parkersburg, W. Va., gave appropriate recognition to the contributions of a true aviation pioneer by rededicating the Wood County Airport as Gill Robb Wilson Field. It is my distinct privilege to deliver the principal address and to join with others in a tribute to one who has achieved much for aviation in the United States and the world.

The invocation was offered on that date by Robert I. Baker, associate minister of the First United Presbyterian Church, who, in his prayer, said:

Almighty God, in an age when we can fly hundreds of miles per hour, we would remember that You have created the very time in which we live. At a period of history when we are performing spectacular and incredible feats in space, we need to remind ourselves that You have constructed the entire universe and are not limited in any way by the phenomenon which we call space. In a day when we are so impressed by human accomplishments, we need to realize that You have fashioned man himself from the dust of the earth by a power which makes our largest rockets seem utterly feeble by comparison.

Master of ceremonies at the dedication was the chamber of commerce president, Richard S. Cotterman, who introduced the Honorable Hulett C. Smith, Governor of West Virginia. In his official welcome of the guests to Parkersburg and to West Virginia, Governor Smith said in part:

The citizens of Parkersburg and Wood County could have chosen no finer tribute than to name this airfield after one of our own pioneers in aviation.

And there could be no more appropriate time for us to see the meaning of this occasion than today * * * as this country stands on the eve of another venture into the sea of space above us.

Gill Wilson's active leadership in aviation covers a span from the time men like his friend, Billy Mitchell, had to fight to get others to even consider the potential of aircraft * * * to today's times, when all men are eagerly awaiting the next achievement of this Nation's spacecraft.

His belief in the future of aviation is matched only by his lifetime of deeds supporting that belief.

America is fortunate in having Gill Robb Wilson * * * and men like him * * * always in the cockpit of progress, looking in new directions and piloting new achievements for all of us.

Following an eloquent introduction by Mr. Cotterman, Gill Robb Wilson gave a moving response to those who were gathered in his honor. He said:

This is a very nostalgic moment for me. I came as a boy into this State; home is where the heart is, so I have come home.

Mr. Wilson continued:

This honor is very dear to me because of the investment of a lifetime my father and mother made in this community and in West Virginia. I was never able to pry them away to join me in my travels over the face of the earth; they wanted to stay here.

I feel that I have met and known people all over the world, but have not had friends and neighbors; to be called a 'home-town' boy and be given a welcome like this touches me very deeply, Wilson said.

Wherever we have been, our hearts and minds turn back to Parkersburg, Wood County, and West Virginia. God bless you for this confidence.

Also present at the dedication were former aviatrix Jacqueline Cochran, Col. S. K. Everest, second man to safely fly through the sound barrier; and Joe Walker, chief pilot of the X-15 rocket. Colonel Everest is a native of Fairmont, W. Va.

Mr. President, it was then my pleasant responsibility to speak regarding the importance of the aviation industry in today's changing world, and to pay homage to my cherished friend of many years, Gill Robb Wilson.

I pointed out that more and more individuals, businesses, and communities have come to be dependent on speedy and economical transportation in order to keep pace in a highly competitive society.

As Justice Cardozo once said:

The city that is without the foresight to build the ports for the new traffic may soon be left behind in the race of competition. Chalcedon was called the city of the blind because its founders rejected the nobler site by Byzantium lying at their feet. The need for vision of the future in the governance of cities has not lessened with the years. The dweller within the gates, even more than the stranger from afar, will pay the price of blindness.

During the course of my remarks I stressed the following:

The Parkersburg-Marietta area needs the stimulus of a fully modernized airport facility to insure that it redeems its promise of growth in the space age. This admonition in no way detracts from the very significant progress made since work began August 8, 1940 under the WPA project and continued through September 1, 1944, when the old Civil Aeronautics Administration took it over as a national defense project. A cost tag of \$5 million was set on completion.

Additional improvements included a \$375,000 instrument runway extension in 1960, a \$55,000 high intensity runway lighting system in 1962, and a \$58,000 taxiway extension in 1964.

I recall that the first commercial carrier to utilize this airport was American Airlines as of September 1, 1946, followed by Allegheny Airlines in May of 1949, Piedmont Airlines in March 1955, and Lake Central Airlines on March 1, 1961.

The present terminal building was completed in 1952 and is used by three scheduled airlines and the restaurant. The Federal Aviation Agency Flight Service Station utilizes part of the hangar annex building, as do fixed base operations, Rambar Aviation, the pilots' lounge, and the airport manager's office.

An important aspect of this airport is that it is relatively self-supporting. Funds furnished by the Wood County Court are for capital improvements only, either directly on a small project basis or on a participating basis under Federal Aviation Agency airport aid for large projects.

Your efficient airport manager, Wallace Bennon, has told me that projects for this year include improved runway lighting, air conditioning of the terminal building, complete lighting of the ramp and terminal area with mercury vapor lights, construction of a new building for airport equipment, and effectuation of a resealing of the runway joints and a painting of the instrument runway.

This facility is 186th out of 946 civil and

military airports in the Nation for instrument approaches.

Our commercial carriers provide 16 daily flights. Total air carrier operations in 1963 equalled 10,084—400 more than in 1964. Both enplaned and deplaned passenger volumes during the first 4 months of this year are substantially better than they were for the same periods of both 1963 and 1964.

Meanwhile, civil transient, military transient, and local operations utilization in 1964 gained substantially over the 1963 totals, and the same categories, excepting possibly air express, were well ahead of prior volumes in January through April 1965.

These are manifestations of airport utilization and they are signs of the improved economic development of this valley of the future—served by this vital facility.

In concluding my address, I quoted the following lines from the poem "No Words Are Born," by Inez George Gridley:

Beyond the parapets of outer space
Some young Magellan of the future skies
Will steer a course in that incredible voyage
Past doldrum seas of purple nothingness
While constellations flare and new suns rise.
His canvas filled with opalescent flame
Will ride the hurricane, the cosmic fire
To unimaginable lands without a name.
Vasco da Gama, straining eyes to see
The first faint line of thin and wind-lashed
coast.

Was dauntless kin to this explorer, who
Will bring his brave and battered hull to rest
In that far harbor, on that chartless sea,
In worlds so foreign that no words are born
Lucid enough to tell the tale to me.

Mr. President, that evening Gill Robb Wilson was the guest of honor at the 56th annual meeting of the Greater Parkersburg Chamber of Commerce. A loyal friend of aviation and an outstanding personality of the entertainment world was to have introduced Gill. Unfortunately, Arthur Godfrey was unable to appear.

Mr. Godfrey has sent me the text of his speech prepared for the occasion. I ask unanimous consent that excerpts from his comments be printed in the RECORD at this point.

There being no objection the material was ordered to be printed in the RECORD, as follows:

REMARKS OF MR. GODFREY

As editor of Fying magazine, Gill Robb Wilson has faithfully recorded the progress of personal, commercial and military aviation through the years.

Through his genius Gill firmly established this great periodical as the entertaining, informative and authoritative chronicle it is today, and for which we all have great respect. As a contributor of inspired eloquence, however, he has succeeded not only in capturing the quintessence of the beauty and the thrill and the art and the science of flying, but also, he thus affords us, his friends, a privileged, intimate glimpse of the true depth of his own soul.

No one need speak for Gill Robb Wilson. He speaks for us—all of us who fly. For years I have called him the poet laureate of aviation.

It is altogether fitting, even if coincidental, that we should be honoring Gill on this the eve of the Gemini flight. Had it not been for men like him, there would have been no orbiting astronauts—nay, not even in Russia. For Gill is one of the true pioneers of powered flight, giving the word "pioneer" Webster's full definition: "One of those who first settle or explore a region, thus opening it for occupation and develop-

ment by others." Those words surely describe the man we honor tonight. Were it not for his ilk, Gemini would still be just one of the signs of the zodiac, and the flight itself probably just a wild dream in some Jules Verne novel. It is a great privilege to give recognition to the man who has done so much to help make that dream a reality—Gill Robb Wilson.

The PRESIDING OFFICER (Mr. BIBLE in the chair). Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield to me without losing his right to the floor?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 264

Mr. LAUSCHE. Mr. President, I call up my amendment (No. 264) and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. On page 3, line 22, it is proposed to strike out "20" and insert "12".

Mr. LAUSCHE. Mr. President, I ask that the figure "12" as now written in the amendment be changed to "15."

The PRESIDING OFFICER. The Senator has the right to modify his own amendment. The figure "12" is changed to "15."

Mr. LAUSCHE. Mr. President, the amendment embodies practically the identical issue that was involved in the Gruening amendment, which was adjudged on the floor of the Senate yesterday to be unacceptable. The Gruening amendment contemplated reducing the amount of the loan fund which the administration would be allowed to use from 20 percent to 10 percent. My amendment contemplates reducing the 20 percent to a new level of 15 percent. The arguments that were made in support of the Gruening amendment are equally applicable to mine.

I can very briefly state why I believe the amendment is sound and ought to be adopted.

For a period of about 5 years, I would say, constant efforts were made on the

floor of the Senate and in the Foreign Relations Committee to impose restrictions upon the State Department in the allocation of moneys to the recipient nations of the world under the foreign assistance program. Repeatedly we had brought before us instances of money being given or loaned to foreign countries under circumstances which on their very face seemed to be objectionable and not supported by reason. As a consequence of those repeated experiences, there came into development an approach that would place restrictions in the foreign assistance program on how, when, and under what conditions the grants and loans might be made.

To illustrate, the property of American citizens was being confiscated by various nations of the world. The beginning of the confiscation occurred in Cuba. Castro decided to seize the property of American citizens without tendering due compensation for the property taken. Our country was supposedly helpless to do anything about it. Castro conceived the very generous and bountiful idea that as payment for the property expropriated, he would give bonds payable in 25 or 30 years.

Manifestly that proposal was highly unacceptable. I do not know whether anything was done by the Cuban Government even as a gesture to compensate for the confiscation of the property of American citizens.

When Castro got away with his expropriation—his theft of property of American citizens—other nations began to do the same thing. The other nations include the ones that were the beneficiaries of our bounty under the Foreign Assistance Act. I can well understand the thoughts that ran through their minds: "Castro did it and got by with it. Why can we not follow the same course? Take the property without due compensation, and we shall thus improve our economy and our life."

The confiscation of property is justified neither by morality nor by international law.

It is theft of the worst type. It is of the worst type because it is taken by duly constituted governments, which ought to adhere to ethics and to international law. This problem faced Congress.

The Senator from Iowa [Mr. HICKENLOOPER] conceived the principle that at least in one field we could help in stopping the expropriation. He offered an amendment to the Foreign Assistance Act which provided that if and when a beneficiary of the Foreign Assistance Act unlawfully confiscated property without making due compensation within a reasonable time, that country would be barred from further help under the Foreign Assistance Act.

The amendment of the Senator from Iowa was adopted and is now a part of the law of the land. The House Members and the Senate Members declared the principle under which the Senator from Iowa moved to be sound. That is example No. 1 of the imposition of restrictions upon the State Department in the granting of aid.

We now come to the second instance. Under the loan program operations of

AID, our Government was lending to foreign nations money at three-fourths percent, frequently without any repayment being required for a period of 35 years. In the making of those loans, the United States, of course, had to borrow from its citizens and was paying them up to 4 percent interest. The loans made by AID were known as soft loans. But they did not produce for our country the good that was anticipated. When we made such a loan, it had the attributes, practically, of a gift.

The Senator from South Dakota [Mr. MUNDT] and I offered an amendment to the Foreign Assistance Act to provide that loans should be made—if and when the amendment were adopted—on the basis of 2 percent interest, with a grace period of 10 years, as I recall, in which no payments had to be made either of principal or interest; and thereafter, each year, the borrower had to begin to pay interest on the principal. That amendment was adopted by the Senate and the House, and rightfully so, on the basis that some aspect of sound business principles ought to be applied when the loans were made.

A third instance of restrictions placed upon the State Department in the management of the foreign assistance program is in the shipment of goods to Cuba. It was provided in one of the laws—I am not certain that it was in the Foreign Assistance Act—that denials shall be made of consideration by the U.S. Government of countries that deal with Cuba.

A further provision was made in another field. All shipments of goods under the Foreign Assistance Act had to be divided on the basis that at least 50 percent of such shipments would be in American bottoms. That is, the shipper of foreign aid goods was not allowed to hire the cheap services of foreign navigation companies, but was obliged to hire American bottoms, even though the cost was much more.

A further restriction was imposed upon the State Department with respect to the amount of money that would be allowed to be loaned to those foreign companies. The restriction was that when we lent money, a condition had to be attached to the loan to require the borrower to spend the money in the United States for the buying of materials and labor. That was a good provision. It was intended to keep our workers employed.

There may be other situations in which we have tried to impose restrictions, but I believe that I have identified the main ones.

When those amendments were adopted, the State Department, in my judgment, felt itself tied up. It wanted to be emancipated from the restraints that we had imposed upon it. It conceived the idea that it could get around the restrictions by having our money go to a multilateral agency and to have that multilateral agency make the loans. A number of multilateral agencies are in existence. The principal one is the World Bank. Its membership is made up of all nations—perhaps not all, but practically all. They contribute to the capital fund of the institution, and that institution then makes its loans. But it does not

impose any tie-in restrictions which require the borrower to spend the borrowed money in the United States. Our money that goes to the World Bank can be lent to Yugoslavia, for instance, and Yugoslavia can buy goods with that money wherever she wills. She can buy in Cuba. She can buy in China or in Russia, if she wishes.

Under the restrictions that I previously mentioned, the money which the United States lends directly under the Foreign Assistance Act must be spent in this country. The bill as it is pending before the Senate, and as the President well understands, contemplates allowing the administration to send 20 percent of the \$780 million allocated for loan purposes to the multilateral agencies, where complete emancipation will be enjoyed with respect to restrictions which we impose upon the use of that money.

The Senator from Alaska [Mr. GRUENING] yesterday sought to reduce the 20 percent to 10 percent. My amendment contemplates reducing the amount from 20 to 15 percent. I have made that change in my amendment.

I believe that the proposal is sound. I shall now give my main reason for the predicate of my sponsorship of the bill.

One of our gravest problems is the outflow of American gold into foreign countries. We look upon that problem indifferently. Warnings have been given to us. However, the citizen pays little attention to it, and many Members of Congress pay still less attention.

The gold reserves are dwindling every day. They may soon reach the point at which they will not be adequate to support the paper dollars that are outstanding in our Nation. Three months ago, we had to modify the gold reserve law and remove the gold which supported the deposits in the Federal Reserve system and make it available to meet the demands of our foreign creditors.

I believe that we have approximately \$12.5 billion in gold reserves. Five years ago we had \$25 billion. Of that gold reserve, \$8.5 billion is needed to support the paper dollars which every citizen may have in his pocket. We have approximately \$25 billion of claims of foreign creditors against a balance of \$4 billion.

If anyone were to try to tell me that foreign creditors, the moment they believe that our condition is shaky, would not demand payment of their debts in gold, I would be shocked.

The proposal contained in the pending bill contemplates loosening the ability of the gold of our Nation to flow into other countries. Twenty percent of \$780 million would be \$156 million, which would be freed for spending in Cuba, China, Russia, or any other country in the world.

When we spend money in other countries, they have our paper dollars. They would be able to say to the U.S. Government: "We do not want your paper dollars. We are afraid that they will depreciate in value. We want glittering yellow gold."

The time may come—and I have a feeling that it will come, unless something is done about it—when the nations

of the world which, as I have said, have \$25 billion of claims against us will say: "We want payment in gold."

What does my amendment propose? It contemplates, in a measure, insuring that the money which we loan to foreign countries for the purchase of material and goods shall be spent in the United States. It would make it certain that the money would be spent in the United States if the amendment were adopted. If the amendment were rejected, the money might be spent in the United States, but not with any certainty.

The argument is made, and was made, against the Gruening amendment, that "It is only a small amount. It does not mean much."

Twenty percent of \$780 million is \$156 million. That means a great deal in connection with the gold problem that confronts our country.

I have heard that argument before, Mr. President. "It does not mean much. It is an inconsequential wrong. It is trivial. Pay no attention to it." However, an accumulation of inconsequential and trivial wrongs finally create huge problems. Those huge problems have already developed and confront our country on the basis of many trivial and inconsequential wrongs.

In my judgment, and if it were within my power, I would direct my attention now, fully and wholly, to protecting the gold reserves of our country. The bill, as now drawn, is indifferent to that problem. It proposes to do nothing about it. That can only produce harm.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. GRUENING. Mr. President, I commend the distinguished senior Senator from Ohio for his effort to bring additional sanity and restraint into some aspects of our foreign aid bill.

Does the Senator feel that, for any reason, a standard of three-fourths of 1-percent interest rate, with no repayment of principal for 10 years, and a 50-year period for payment can be considered a loan?

Mr. LAUSCHE. I am grateful to the Senator from Alaska for reminding me of that situation. That is the soft loan window of the World Bank.

It is my understanding that if this money were to go to that institution, it could make a 50-year loan at three-fourths of 1 percent, with a 10-year period of grace during which there would not have to be any payments on principal. I do not believe that is sound. That is one of the things that we tried to protect against in the Lausche-Mundt amendment.

Mr. GRUENING. Does the Senator believe that the American people realize that concealed in the so-called loans is a substantial grant by which during the years of no repayment, and, indeed, during the entire life of the loan, the American people are being taxed on the difference between what they must pay for money, at the rate of approximately 4 or 5 percent, and the negligible three-fourths of 1-percent interest which we

allege that we will collect from the borrower?

Mr. LAUSCHE. The Senator from Alaska was not present when I discussed the reasons for adopting the Mundt-Lausche amendment. The amendment was adopted because we believed that the procedure which the Senator has mentioned is not sound. It did not contribute to the betterment of relations with foreign countries when we made these loans on the basis, and under the name, of a loan, when, in fact, they were practically a gift.

Mr. GRUENING. Mr. President, does the Senator recall what became of the Mundt-Lausche-Morse amendment after it had passed the Senate by a very substantial vote?

Mr. LAUSCHE. The Senator will have to refresh my memory.

Mr. GRUENING. It was taken out in conference. That is so frequently the fate of good amendments which have been agreed to by a substantial vote in the Senate.

It strikes me as one of the undemocratic aspects of Congress, by which procedure, a small group of men disregard the mandate of an overwhelming vote of one of the two bodies of Congress and work their own will in a closed conference.

I believe that is one of the undemocratic aspects of our congressional procedure. It would seem to me that the conferees should have respect for and pay some substantial attention to the wishes of the body which they represent in conference. However, that unfortunately is often not the case.

Mr. LAUSCHE. Mr. President, my recollection is that the Lausche-Mundt amendment provided for a 2.5-percent interest rate, with a less than 10-year period of grace, and with an earlier time within which payments had to be begun.

The conference committee cut it down to 2 percent, and I think gave a 10-year period of grace and a longer time of maturity in the repayment of the debt.

Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. LAUSCHE. Was the total allocation 30 minutes?

The PRESIDING OFFICER. The Senator is correct; 30 minutes to each side.

Mr. LAUSCHE. I will yield the floor. I hope the opponents of the amendment will not make the argument that it is only a small matter, that it is inconsequential, and therefore no attention should be paid to it.

The PRESIDING OFFICER. Who yields time?

Mr. FULBRIGHT. Mr. President, does the Senator from Ohio wish a yeas-and-nays vote on the amendment?

Mr. LAUSCHE. Yes.

Mr. FULBRIGHT. There are not enough Senators present at the moment to order the yeas and nays. I wonder if we had not better ask for a quorum.

Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has 30 minutes.

Mr. FULBRIGHT. I have the time.

Mr. MORSE. Mr. President, will the Senator yield on a procedural matter?

Mr. FULBRIGHT. I yield.

Mr. MORSE. I think it ought to be understood that as the one who helped produce the time limitation, I proposed it on the understanding that there would be record votes.

Mr. FULBRIGHT. That is what we are doing.

Mr. MORSE. I understand. On that basis, a time limitation was imposed. Of course, the understanding was that if Senators desire yea-and-nay votes, they should have them.

Mr. LAUSCHE. Will the Senator suggest the absence of a quorum so that more Senators will be present?

Mr. FULBRIGHT. Yes. Let us get them on the floor and have the yeas and nays ordered, and I will speak only a few moments, because I spoke on the same issue just recently.

Mr. President, I suggest the absence of a quorum. If we get enough Senators present to have the yeas and nays ordered, we shall be ready to proceed.

The PRESIDING OFFICER. Does the Senator wish to have the time for the quorum call taken out of his time?

Mr. FULBRIGHT. Yes.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I shall take only a few minutes on the amendment. It involves exactly the same principle on which the Senate voted the other day on the Gruening amendment. If the Senate followed the rule of substance rather than form, the amendment would be subject to a point of order, but since the Senate does not follow the rule of substance, it is not subject to a point of order.

The only difference between this amendment and the Gruening amendment is that the Gruening amendment deleted the full increase of the 10 percent. The pending amendment deletes half of it. Precisely the same principle is involved.

The Senate was entirely correct the other day in voting to reject the Gruening amendment. I see no reason for it to change its vote on this amendment. The principle involved is whether the funds should be available; it is not mandatory. Under the action of the Appropriations Committee, nothing has been done under the 10 percent power of allocation.

I am not at all sure or sanguine that it will be done, but the principle involved is a matter of policy on the part of the Senate that we should move toward greater utilization of the international organizations affiliated with the Bank.

One last word about AID and the Bank itself. The Bank has perhaps stricter standards for making loans than does the AID agency. It will never make a loan to a country which is in default on loans. It has refused to lend to Greece because that country has been in default on a relatively small loan contracted in 1929.

So I do not believe there should be any question with regard to the matter of confiscation. In my opinion the bank will be as careful as, if not more careful than, AID, in the discouragement of any kind of confiscation.

If the Senator is willing to yield back his time, I will yield back my time, and the Senate can vote.

Mr. LAUSCHE. Yes.

Mr. FULBRIGHT. I will yield back my time—

Mr. LAUSCHE. The only thing I wish to say is that I look with dismay upon the shortness of time taken by the Senator from Arkansas, because it indicates that he attaches such little strength to the cause of my argument that no further debate on his part is necessary.

Mr. FULBRIGHT. No. We debated the same principle the other day. It is exactly the same. I see no reason to expect that the Senate will vote differently or for me to speak longer on it.

Mr. MORSE. Mr. President, will the Senator yield me 30 seconds for a comment? The Senator from Ohio has a great misunderstanding of the position of the Senator from Arkansas. The Senator from Arkansas happens to stand in a position where he has the votes, so why talk?

Mr. FULBRIGHT. No; I have confidence that the Senate is not going to change its stand on principle within 3 days. It is usually consistent for a week, at least.

Mr. LAUSCHE. On the other hand, the shortness of the comments of the Senator from Arkansas is subject to the interpretation that he does not have enough confidence in the argument to do more talking.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. As a former college president, does not the Senator believe in the value of education? Does not the Senator believe it is of benefit?

Mr. FULBRIGHT. Not particularly in the Senate.

Mr. LAUSCHE. Mr. President, I yield back my time.

Mr. FULBRIGHT. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on the amendment (No. 264), as modified, offered by the Senator from Ohio [Mr. LAUSCHE] for himself and other Senators.

The yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. HARRIS], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator

from Maryland [Mr. TYDINGS], the Senator from Arizona [Mr. HAYDEN], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Maryland [Mr. BREWSTER] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Oklahoma [Mr. HARRIS]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Oklahoma would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], and the Senator from Kansas [Mr. PEARSON] are absent on official business.

The Senator from California [Mr. MURPHY] is necessarily absent.

The Senator from Kansas [Mr. CARLSON], and the Senator from Iowa [Mr. MILLER] are detained on official business.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], the Senator from Iowa [Mr. MILLER], the Senator from Kansas [Mr. PEARSON], and the Senator from California [Mr. MURPHY] would each vote "yea."

The result was announced—yeas 42, nays 39, as follows:

[No. 117 Leg.]

YEAS—42

Alken	Fannin	Russell, S.C.
Allott	Gore	Russell, Ga.
Bartlett	Gruening	Saltonstall
Bennett	Hickenlooper	Simpson
Bible	Hill	Smith
Boggs	Holland	Stennis
Cannon	Hruska	Symington
Cotton	Jordan, N.C.	Talmadge
Dirksen	Jordan, Idaho	Thurmond
Dodd	Lausche	Tower
Domnick	Morse	Williams, Del.
Mundt	Mundt	Yarborough
Ellender	Prouty	Young, N. Dak.
Ervin	Robertson	Young, Ohio

NAYS—39

Anderson	Jackson	Monroney
Bayh	Javits	Montoya
Burdick	Kennedy, Mass.	Morton
Byrd, W. Va.	Kennedy, N.Y.	Moss
Case	Kuchel	Nelson
Church	Long, La.	Pastore
Clark	Mansfield	Pell
Cooper	McCarthy	Proxmire
Douglas	McGee	Randolph
Fulbright	McGovern	Ribicoff
Hart	McIntyre	Scott
Hartke	Metcalfe	Smathers
Inouye	Mondale	Williams, N.J.

NOT VOTING—19

Bass	Hayden	Muskie
Brewster	Long, Mo.	Neuberger
Byrd, Va.	Magnuson	Pearson
Carlson	McClellan	Sparkman
Curtis	McNamara	Tydings
Fong	Miller	
Harris	Murphy	

So Mr. LAUSCHE's amendment as modified (No. 264) was agreed to.

Mr. LAUSCHE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRUENING. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 4, strike out the period and in lieu thereof insert a comma and the following:

Provided, That with respect to any dollars herein authorized the voting power of the United States shall be exercised for the purpose of disapproving any loan by the Association for any project, enterprise, or activity in any country, during any period for which the President has suspended assistance to the government of such country because of any action taken on or after January 1, 1962, by the government of such country or any government agency or subdivision within such country as specified in paragraph (A), (B), or (C), of subsection (e) (1) of section 620 of the Foreign Assistance Act of 1961, as amended, and the failure of such country within a reasonable time to take appropriate steps to discharge its obligations or provide relief in accordance with the provisions of such subsection.

Mr. GRUENING. Mr. President, during the last 2 days, in connection with the increased authority which would be given to the President to transfer U.S. dollars to the International Development Bank, there has been considerable discussion of the fact that through this device Development Loan Fund dollars transferred to the IDA escape the restrictions which the Congress has written into the Foreign Assistance Act.

One of those restrictions is the so-called Hickenlooper amendment, which provides that no aid shall be furnished to nations found by the President to have expropriated U.S.-owned property.

During the consideration earlier this year of a bill authorizing an increase in funds for the Inter-American Bank, the Congress adopted an amendment offered by the able and distinguished senior Senator from Oregon [Mr. MORSE] instructing the U.S. representative on that Bank to vote against any loan to any nation found by the President to have expropriated U.S.-owned property.

The amendment which I now offer would do exactly the same thing with respect to loans by the International Development Association.

Both the Inter-American Development Bank and the International Development Association should be treated alike. The Congress has already decided that the Inter-American Development Bank should be subject to the restrictions of the Hickenlooper amendment. The International Development Association should be subject to the same restrictions.

That is all my amendment would do.

Mr. FULBRIGHT. Mr. President, I have studied the amendment. I am prepared to take it to conference. It is a direction to our representative on the International Development Association to comply with the same regulations that apply to the Inter-American Development Bank. I am willing to take the amendment to conference. I believe it is all right.

The PRESIDING OFFICER. Do Senators yield back the remainder of their time?

Mr. FULBRIGHT. I yield back the remainder of my time.

Mr. GRUENING. I also yield back my time.

The PRESIDING OFFICER. All time has been yielded back and has expired. The question is on agreeing to the amendment offered by the Senator from Alaska.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 244

Mr. MORSE. Mr. President, I call up my amendment No. 244.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 11, lines 20 to 22, strike out "and to engage in other activities helpful to the economic and social development of friendly countries."

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, this is one of my minor amendments, but nevertheless an amendment of significance and import. I shall not take anywhere near my 30 minutes on the amendment. The amendment would strike from the bill the language "and to engage in other activities helpful to the economic and social development of friendly countries."

This deals with what is commonly called civic action programs.

Nowhere does the law define what is meant by civic action. The sentence I amend states that the military may be used to construct public works, and then there follows some interesting verbiage which might give rise, in my judgment, to great abuses in the exercise of unchecked discretionary power on the part of the administrator of the program.

My amendment would strike out the words "and to engage in other activities helpful to the economic and social development of friendly countries." My amendment would leave the words "public works," and eliminate the remainder as being civic action.

Who knows what might be done in activities helpful to the economic and social development of a country? Who will determine it? What will be the standards or guidelines?

This is a good example of how a sleeper clause can get into Federal legislation to permit unchecked power by way of exercise of discretion.

There is no effective check in this language on those who will proceed to spend money in accordance with their discretion and judgment as to what will be helpful to the economic and social development of a given country.

Who knows what the military junta in Bolivia, for example, will consider to be in the interest of the economic and social development of their country?

They might consider the planning of a coup, the rigging of an election, the raiding of religious institutions or anything else which, in accordance with

their discretion, would be in the interests, as they see it, of the economic and social development of the country.

When I think of the exact language that we require for the expenditure of Federal funds in our own country in connection with the operations of the Army Engineers, I am at a loss as to why we are willing to give unchecked power to a military junta or, for that matter, the military of any other country.

We have a pretty clear idea of public works, but we are in the domain of the unknown when we start talking about giving discretionary power to those in charge of the military power in some other country and in which the recipients of the military aid determine what is in the economic and social interest of the country. There will be plenty of public works that will keep those military forces busy for a long time in any one of the underdeveloped countries to which American aid goes.

Senators would never vote to permit the use of the military forces in the United States "to engage in activities helpful to the economic and social development of the United States." That is one way in which we are turning over more and more control of U.S. assistance to military personnel at home and abroad. It is loose, blank-check language of that kind that is always getting us into trouble in the administration of our foreign aid program.

While I do not intend to discuss the subject in connection with the present amendment, I shall do so at some length in connection with another.

I have on my desk the devastating reports of the Comptroller General of the United States in regard to the shocking waste and inefficiency of the foreign aid group in the administration of our foreign aid program. I cannot read those reports without recognizing that some of that waste could have been prevented administratively if we had tied down with some clear definitions of authority the extent to which discretion could be used by those in charge of the program.

Until Congress makes up its mind what exactly is to be done under "civic action," the term should be restricted to public works.

Note what we are doing. The existing language encouraging the use of military aid for "public works and other activities helpful to economic development" is stricken from the committee bill and even more vague language is substituted.

I close by saying that all I am asking to do is to put the period at the end of "public works." For years in connection with my work in Latin America I have urged that we try to encourage our Latin American countries to follow the example of the U.S. Army Engineers in using their military forces for the building of dams, for the building of roads, for the building of flood control projects, and reclamation projects. They are all subject to specific identification. No question of ambiguity develops over the application of the words "public works."

What I wish to stress to the Senate is that we would not possibly, if we devoted

all of our money by way of aid to any Latin American country to be used for the construction of public works, have enough money. We do not have to have this ambiguous, undefinable language added to the bill at this point. All I am doing by the amendment is to put a period after "public works." That would be a great incentive to those groups to develop the kind of program that we have in the United States for our Army Engineers.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. RIBICOFF. Will the Senator be good enough to give me an example of the type of abuse that the Senator seeks to eliminate by his amendment?

Mr. MORSE. As I said in my statement, when we leave it up to the military and the government—and many of these are military junta governments or dictatorships—to make use of the money as they see fit to construct public works and to engage in other activities helpful to the economic and social development of friendly countries, we give them too broad a scope. What would they use it for? They might spend money in connection with rigging an election or in connection with carrying on a controversy with a group in their country that is challenging them. That is in the public interest and would be for the social development of the country. I do not want the money used for any other purpose under that part of the bill than the construction of public works. I do not want them to use their army for political purposes. I do not want them to be able to use the money, directly or indirectly, to build up military power in the administration of a government.

They might say that that is for the social and economic development of their country. I do not believe the American taxpayer should help to finance such a program. But I am for spending money on public works through their army because that would develop what the Senator from Connecticut has heard me say so many times. That would develop, in spite of themselves, seedbeds of economic freedom in that country. Every dam, every road, and every public works ends by strengthening the cause of economic freedom in a country.

Mr. RIBICOFF. Mr. President, would the Senator consider under the definition of what he seeks to achieve a schoolhouse or a health facility?

Mr. MORSE. Public works. Certainly. A schoolhouse is a public work; a hospital is a public work; a city hall is a public work; a public building is a public work.

I wish to tie it down to a concept of a physical body; namely, a dam, a hospital, a school, a road. We do not have enough money to go around for all that they would like to do. If we encourage that type of action, from the standpoint of the charges that are made, that we are pouring out a great deal of military aid in some countries to build up a military oligarchy, they would be reduced.

Mr. RIBICOFF. Does the Senator believe that his amendment would eliminate a considerable amount of waste in the utilization of foreign aid?

Mr. MORSE. I believe it would eliminate the temptation to waste. No one knows yet what is to be done under this language, because we are authorizing utilization of military aid for civic action for the first time. I merely want to see the language of the authorization confined to known elements.

Mr. RIBICOFF. I thank the Senator for the information.

Mr. MORSE. That is all I have to say on the amendment.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

I believe the Senator is unduly concerned when he says that these things might happen. I do not believe he is able to provide any instances in which those countries have used the money to rig an election. Many things might happen to any of the programs if the people administering them pay no attention to them and do not supervise them. The waste I am familiar with has been with regard to the supplying of military hardware. I have seen no report which stated that the countries have wasted money on the rigging of an election. Nonmilitary activities resulting in civic progress have been accomplished at our instigation. We have urged the military forces in a number of countries to go into that field in the hope that we could keep their minds off coups, the rigging of elections, or anything of that kind. We desire to encourage them.

I am for public works, but the activities are broader than that and include such things as establishing dispensaries for mobile medical units and providing facilities for technical training. Many of those best qualified to train people are in the military. Many of them have had that kind of training.

These programs include assistance during epidemics; and not only epidemics, but action that may be required for the prevention of epidemics. If an epidemic should occur, it seems to me that it would be perfectly proper that the help of the army should be enlisted. If the army is properly organized, it can move in. It could use modern medicines, perhaps, better than many other agencies.

Mr. RIBICOFF. This is the key to the colloquy in which I engaged with the senior Senator from Oregon. It becomes important in the interpretation of "public works." I am inclined to favor what the Senator from Oregon is trying to do, yet I recognize that in the case of an epidemic or an earthquake in many countries, only the army could come in and give temporary relief.

Mr. FULBRIGHT. The army is trained to do that.

Mr. RIBICOFF. That is what I have been trying to have clarified in the colloquy with the Senator from Arkansas and the Senator from Oregon.

Mr. FULBRIGHT. I would not object. The major part would be classified as public works. I see no point in trying to tie hands. That always raises doubt as to whether the army could function; as to whether or not the interpretation of "public works" includes a particular activity.

Our own people work with those people. We have been trying to encour-

age them to do something besides sitting around the barracks, plotting to overthrow the government. Because of the experience of our own Army Engineers, our own Government has been encouraged in the belief that the armies of other countries could enter into such activities in the hope that it would have a more civilizing effect upon their armies.

Mr. RIBICOFF. Will the Senator from Arkansas be good enough to give me information about or to explain some of the projects that are being developed and to tell how some of the money is being spent and for what type of projects outside the definition of public works that the Senator believes the Senator from Oregon has mentioned?

Mr. FULBRIGHT. I did not anticipate this specific question. Many projects could be carried on under the existing provisions of the law, such as forestry service projects, mapping, coastal surveys, education, sanitation, and hygiene, assistance during epidemics, assistance to medical schools, and assistance during earthquakes.

I was thinking of one possibility. A barge might be supplied to the naval forces of an area. That barge could be used, under the existing language, perhaps for a ferry, which would not be a public work.

I see no point in trying to restrict the army, unless it is assumed that the administration of the program be in a conspiracy to defraud the American people or to do something that would be entirely out of order.

This is the kind of discretion that is entirely proper for the military people. I think it is good for the military itself; it gives it a sense of participation in peacetime activity and enables it to make a contribution to the welfare of the country.

Mr. RIBICOFF. Would the Senator be so good as to explain the amount of funds involved that the amendment seeks to restrict?

Mr. FULBRIGHT. That has never been broken down. A specific appropriation is not provided. It is merely a limitation upon assistance to the defense or military forces which we support. We might supply them with a barge to use for the movement of people or livestock. It might be used in a broader way than purely as a public work. Some discretion would be given. There is no breakdown, so far as I know, in dollars as to this activity. We merely provide we may supply certain equipment and assistance to the forces we support.

Mr. RIBICOFF. I believe I understand what the Senator from Oregon is driving at, and I sympathize with his motive. The dilemma in which I find myself is that the limitation on public works might include items like transportation of agricultural products, mapping, coastal survey, forestry service, dispensary, mobile medical units, education, sanitation, and hygiene—assistance needed during epidemics.

I am wondering whether an amendment could not be drawn to achieve what the Senator says the funds should be used for and as to which the distin-

guished Senator from Oregon seeks to restrict their use.

I recognize that "public works" is a broad term, one that might very well not include assistance in time of epidemic or disaster. That is what bothers me. Otherwise I think I would be inclined to support the Senator from Oregon.

In the light of the colloquy between the distinguished chairman of the committee and the distinguished Senator from Oregon, I am wondering if they could not establish their meaning with respect to the use of these funds, so that U.S. authorities who have to do with the dispensing of the funds would be in a position to make certain that they are restricted for public works in the wider sense and not the narrower sense of merely using them for roads, dams, and such works.

That is the dilemma with which I find myself faced as I listen to the discussion.

Mr. MORSE. Mr. President, I yield myself 5 minutes. There really is no dilemma at all. The point that is being overlooked is that there is nothing to which the Senator from Arkansas has referred—epidemics, health programs, sound social welfare programs—which would not continue to be done under the bill, if the country wished to develop that kind of ability. That goes with the economic aid program in the bill. In time of emergency or epidemic, the civilian government can make use of the military forces, as a matter of national security and assistance.

My amendment would make perfectly clear that we will not give discretion to the military, under the bill, to proceed to carry out programs for which, in accordance with its judgment, it wishes to use the military forces. If my amendment were adopted, there would be nothing to stop the military junta government of Bolivia or the free government of Venezuela from engaging in a social welfare program of the type the Senator from Connecticut [Mr. RIBICOFF] and the Senator from Arkansas [Mr. FULBRIGHT] have been talking about.

I merely say that so far as the military aid sections of the bill are concerned, over and above the hardware features, and the supplying of weapons, to which the Senator from Arkansas has referred, there are a number of ways, that these other programs will be carried out by the government of the country.

Take any country as an example. Suppose an epidemic should break out. The economic aid program contains a fund for health. Any group of the country's citizenry could come to the country's aid. The amendment does not mean that the army could not be used. I am merely trying to limit the operations of the military in those countries to defense matters, internally and externally, and have them used as the Army Engineers are used in this country for the development of public works.

I want to try to clear up this point of confusion. I am not trying to stop a country, by my amendment, from engaging in hospital or health programs. I merely say that we should not give the authority to the army; we should give it

to the civilian government. One of our great problems under our military aid program is that we are building military oligarchies and military authorities in various countries, oligarchies which, in my judgment, are making Communists rather than free men and women.

Mr. RIBICOFF. Mr. President, would the Senator consider adding to his amendment, "public works or projects having to do with health and conservation"?

What I have in mind is that back in 1955, during the period of floods in Connecticut, when I was Governor, the Army Engineers did outstanding work. The Army Engineers were there not only to construct dams, but also to help the State of Connecticut with health and conservation facilities.

I believe that what the Senator is seeking to accomplish would be a good end, but I understand the feeling of the distinguished chairman that we should not have soldiers sitting around in barracks or in village squares with nothing to do.

I can well imagine the reports in the press at a time of earthquakes, tidal waves, floods, or any of the problems which come to many of these countries in Africa, Asia, or in South America. At such times, the Army could probably do the best job with health and conservation.

I would just as soon see some of these funds used for those purposes.

If the distinguished Senator would consider adding those few phrases to the amendment, I should be pleased to vote in support of his amendment.

Mr. MORSE. In time of emergency, my language would not stop the Government from using its army for those very purposes.

Mr. RIBICOFF. It is a question of using the funds. They may have some funds for economic growth problems, whereas the military aid funds would be available for this purpose.

Mr. MORSE. I want to make certain that it is the government, and not the military, that directs the expenditure.

I would be inclined to accept the amendment, "public works," or "government declared public emergency." I would be willing to accept that language, if that were acceptable. Otherwise, I shall leave it as it is.

Surely Senators do not believe the United States commands these armies. We do not. They can be ordered to do anything their government wants them to do.

They can even work on something financed from U.S. economic aid funds. But the language I am concerned about are the military aid funds. I think it is shocking that we should be using military aid now for "economic and social development" as determined by the Pentagon, because that is what the committee amendment provides.

Mr. FULBRIGHT. Mr. President, the Senator cannot modify his amendment without unanimous consent. He has already asked for the yeas and nays.

Mr. MORSE. I do not think that it is very important.

Mr. FULBRIGHT. I do not think it is very important. I believe that it is too bad that we are attempting to restrict

what I thought was one of the civilizing efforts that we were trying to accomplish.

Mr. MORSE. There is no government restriction, but there is restriction on the military. I am seeking to stop strengthening the control by the military in the underdeveloped parts of the world. We have plenty of means by which to help the government do the thing that the Senator from Connecticut has in mind. However, I shall not support a bill which has the effect of weakening government control over the military.

I yield back the remainder of my time. Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Oregon. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Maryland [Mr. TYDINGS] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Indiana [Mr. HARTKE], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Oklahoma [Mr. HARRIS], the Senator from Washington [Mr. MAGNUSON], the Senator from Virginia [Mr. BYRD], and the Senator from Alabama [Mr. SPARKMAN] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS], the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG] and the Senator from Kansas [Mr. PEARSON] are absent on official business.

The Senator from California [Mr. MURPHY] is necessarily absent.

If present and voting, the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], the Senator from Kansas [Mr. PEARSON], and the Senator from California [Mr. MURPHY] would each vote "nay."

The result was announced yeas 10, nays 71, as follows:

[No. 118 Leg.]

YEAS—10

Clark	Lausche	Talmadge
Cotton	Morse	Thurmond
Ellender	Ribicoff	
Gruening	Stennis	

NAYS—71

Alken	Burdick	Dominick
Allott	Byrd, W. Va.	Douglas
Anderson	Cannon	Eastland
Bartlett	Case	Ervin
Bayh	Church	Fannin
Bennett	Cooper	Fulbright
Bible	Dirksen	Gore
Boggs	Dodd	Hart

Hickenlooper	McIntyre	Robertson
Hill	McNamara	Russell, S.C.
Holland	Metcalf	Russell, Ga.
Hruska	Miller	Saltinshall
Inouye	Mondale	Scott
Jackson	Monroney	Simpson
Javits	Montoya	Smathers
Jordan, N.C.	Morton	Smith
Jordan, Idaho	Moss	Symington
Kennedy, Mass.	Mundt	Tower
Kennedy, N.Y.	Nelson	Williams, N.J.
Kuchel	Pastore	Williams, Del.
Long, La.	Pell	Yarborough
Mansfield	Prouty	Young, N. Dak.
McGee	Proxmire	Young, Ohio
McGovern	Randolph	

NOT VOTING—19

Bass	Hartke	Muskie
Brewster	Hayden	Neuberger
Byrd, Va.	Long, Mo.	Pearson
Carlson	Magnuson	Sparkman
Curtis	McCarthy	Tydings
Fong	McClellan	
Harris	Murphy	

So Mr. MORSE's amendment (No. 244) was rejected.

PROPOSED AMENDMENT TO RULE XXII—CLOTURE

Mr. DIRKSEN. Mr. President, there is a matter of clarification under the Civil Rights Act—

The PRESIDING OFFICER. Who yields time?

Mr. DIRKSEN. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. That will be on the bill.

Mr. DIRKSEN. There is a matter of clarification under the Civil Rights Act, which should be settled, because of certain confusion at the other end of the avenue. To that end, I yield 10 minutes under the bill to the Senator from Utah [Mr. BENNETT].

The PRESIDING OFFICER. The Senator from Utah is recognized for 10 minutes.

Mr. BENNETT. Mr. President, we have just finished our work on the voting bill which again involved a decision by the Senate to invoke cloture. Fortunately, there were comparatively few amendments to be voted on, after cloture, and they could be handled in an orderly manner. The fact that they were, reminded me of the completely different situation that prevailed when the Senate a year ago was voting, after cloture, on amendments to the civil rights bill.

On 2 days, June 16 and 17, 1964, there were 56 rollcall votes on amendments which were properly before the Senate. Those 56 votes proceeded in an atmosphere of complete chaos because most of the Senators offering amendments had already used up so much of their allotted hour of debate that there was barely time available to call up many of the amendments and no time to discuss them. This resulted in action by the Senate without the creation of any legislative history. Thus, the Senate failed in its responsibility to give sufficient guidance to those in the executive branch and elsewhere to those who must interpret and apply the amendments adopted.

As an example of what has occurred because of the confusion and near chaos that prevailed on those days, I find myself today under the necessity of trying to create legislative history that should have been created then.

I offered an amendment to the Civil Rights Act of 1964 before cloture was invoked, but when I called up my amendment after cloture the Senate was driving toward final passage of the bill. Though my amendment was acceptable both to the Senator in charge of the bill, the then Senator from Minnesota, and to the minority leader, I was urged by these gentlemen not to take any time to explain the amendment. I followed their recommendations, the amendment was adopted, and now my purpose is being questioned.

That part of the bill represented by my amendment was the subject of a law review article which questioned the intent of the amendment. That article contains this statement:

Neither title VII nor its legislative history sheds any light on this problem.

Now I find myself, nearly a year later, with the responsibility of clearing up the confusion thus inadvertently created.

In order to do that, Mr. President, I ask unanimous consent to have printed in the RECORD both the appropriate excerpt from the law review article, which raises the question, and a brief prepared by my staff which contains an explanation that should have been made last June.

There being no objection, the excerpt and brief were ordered to be printed in the RECORD, as follows:

EXCERPT FROM "EQUAL EMPLOYMENT OPPORTUNITY UNDER THE CIVIL RIGHTS ACT OF 1964," 31 BROOKLYN LAW REVIEW 62

(By Richard K. Berg, Esq.)

The final provision of section 703(h) does appear to effect a substantive change in the title. It provides: "It shall not be an unlawful employment practice under this title for any employer to differentiate upon the basis of sex in determining the amount of the wages or compensation paid or to be paid to employees of such employer if such differentiation is authorized by the provisions of section 6(d) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206 (d))."

Section 6(d) of the Fair Labor Standards Act was added to that act by the Equal Pay Act of 1963, 77 Stat. 56, prohibiting discrimination in wages on account of sex. The quoted provision of section 703(h) was added by amendment on the Senate floor for the purpose of providing "that in the event of conflicts, the provisions of the Equal Pay Act shall not be nullified." This purpose seems reasonable enough. However, it is not clear exactly what conflicts Senator BENNETT, the sponsor of the amendment, intended to resolve. The Equal Pay Act does not affirmatively authorize any differentiation in compensation on the basis of sex. It does contain exceptions for differences in compensation based on a seniority system, a merit system, a system measuring earnings by quantity or quality of production, or any other factor other than sex. This is merely clarifying language similar to that which was already in section 703(h). If the Bennett amendment was simply intended to incorporate by reference these exceptions into subsection (h), the amendment would have no substantive effect.

Another interpretation of the Bennett amendment seems more plausible. The Equal Pay Act was an amendment to section 6 of the Fair Labor Standards Act, and its coverage is dependent on that of section 6. The provisions of section 6 are applicable to employees "engaged in commerce or in the production of goods for commerce" and to employees of certain enterprises which

are "engaged in commerce or in the production of goods for commerce." These are narrower concepts than an "industry affecting commerce," the standard for title VII, *Kirschbaum Co. v. Walling*, 316 U.S. 517, 520-23 (1942). In addition, section 13 of the Fair Labor Standards Act, 29 U.S.C. 213, contains numerous specific exemptions from the coverage of section 6, some involving significant numbers of employees. Consequently, there are numerous employers covered by title VII who are wholly or partially exempt from the coverage of the Equal Pay Act. This is the only significant conflict which appears to exist between the two, and if the Bennett amendment is to be given any effect, it must be interpreted to mean that discrimination in compensation on account of sex does not violate title VII unless it also violates the Equal Pay Act.

This creates an anomalous situation with respect to employers affected by the Bennett amendment. They may not refuse to hire a person because of his (or her) sex, but they may discriminate with respect to compensation. Suppose the difference in compensation is so great as to make the job undesirable to members of the sex discriminated against. Arguably, this could be considered a constructive refusal to hire and not covered by the Bennett amendment. Neither title VII nor its legislative history sheds any light on this problem.

RELATION OF TITLE VII TO THE EQUAL PAY ACT: AN EXPLANATION OF THE BENNETT AMENDMENT

Section 703(h) of the Civil Rights Act of 1964 states: "It shall not be an unlawful employment practice under this title for any employer to differentiate upon the basis of sex in determining the amount of the wages or compensation paid or to be paid to employees of such employer if such differentiation is authorized by the provisions of section 6(d) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 206(d))."

The amendment speaks in terms of a "differentiation * * * authorized by the provisions of section 6(d) of the Fair Labor Standards Act."

Section 6(d) authorizes two things:

1. Wage differentials as between exempt male and female employees doing the same work; and

2. Wage differentials on equal jobs made pursuant to (i) a seniority system; (ii) a merit system; (iii) a system which measures earnings by quantity or quality of production; or (iv) a differential based on any other factor other than sex.

The amendment therefore means that it is not an unlawful employment practice; (a) to differentiate on the basis of sex in determining the compensation of white collar and other employees who are exempt under the provisions of the Fair Labor Standards Act; or (b) to have different standards of compensation for nonexempt employees, where such differentiation is not prohibited by the equal pay amendment to the Fair Labor Standards Act.

Simply stated, the amendment means that discrimination in compensation on account of sex does not violate title VII unless it also violates the Equal Pay Act.

Mr. BENNETT. Mr. President, to prevent this kind of situation occurring in the future, I send to the desk a resolution proposing an amendment to Senate rule XXII. It provides that each Senator who calls up an amendment after cloture and in addition to the 1 hour overall that he now has under rule XXII, the author of the amendment shall have up to an additional 5 minutes to explain that amendment. In addition, the majority leader or another Senator designated by him shall also have an additional 5 minutes

to speak in opposition to each amendment called up.

This proposed change in rule XXII will not change the requirement that any amendments may be introduced after the cloture vote is taken and to prevent the use of this additional time for dilatory purposes my proposed amendment includes this language:

No dilatory motion, or dilatory amendment, or amendment not germane shall be in order.

Admittedly, this language is not a complete answer to possible delays, but I believe that it is better to err on the side of sound legislative procedure than to operate under a rule which permits and, under some circumstances, even recognizes amendments to be voted on by the Senate with no possibility of any discussion on the proposals of the amendment or its merit or lack of it.

Mr. President, I hope that the Senate Rules Committee will take early and favorable action on this proposed amendment to rule XXII.

The PRESIDING OFFICER. The resolution will be received, printed, and appropriately referred.

The resolution (S. Res. 114) was referred to the Committee on Rules and Administration, as follows:

S. RES. 114

Resolved, That the last paragraph of clause 2 of rule XXII of the Standing Rules of the Senate is amended to read as follows:

"Thereafter no Senator shall be entitled to speak in all more than one hour on the measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, except that each Senator who offers any amendment to the same which has been presented and read before the vote to bring the debate to a close shall have five additional minutes to explain that amendment and the Majority Leader or another Senator designated by him shall have five additional minutes in which to speak in opposition to that amendment. It shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate."

Mr. DIRKSEN. Mr. President, if there is any time left, will the Senator from Utah yield?

Mr. BENNETT. I am happy to yield to the Senator from Illinois.

The PRESIDING OFFICER. Six minutes remain to the Senator from Utah.

Mr. DIRKSEN. Mr. President, without commenting on the proposal to modify rule XXII, I am somewhat surprised that the question arose with respect to the amendment.

First, it was carefully examined by me, and also by my staff, whom I deem to be competent and quite schooled in the entire 1964 Civil Rights Act.

Second, it was submitted and carefully examined by the then Senator from Min-

nesota and now the Vice President of the United States. We accepted it as indicated, on the basis of the intent which was in the mind of the Senator from Utah when he submitted the amendment.

I trust that that will suffice to clear up in the minds of anyone, whether in the Department of Justice or elsewhere, what the Senate intended when that amendment was accepted.

Of course, we were under great pressure at the time to try to complete action on the bill and to get it over to the other body.

I hope that the Senator from Utah will understand why we showed what might be regarded as unseemly haste, but at the time I thought it had to be done.

However, let me emphasize and pinpoint the fact that we had in mind precisely the point made by the Senator from Utah when the amendment was submitted, and I believe that the language speaks for itself.

Mr. BENNETT. Mr. President, my intention is represented by the statement I have inserted again in the Record today.

I thank the minority leader for giving me this opportunity to try to straighten out the situation, even if it is 1 year late.

Mr. DIRKSEN. Of course it is not strange that questions with respect to the intent of Congress arise from time to time. I examined a court decision, not too long ago, from one of the Circuit Court of Appeals, which started out, I believe, with the statement, "The intent of Congress is a fiction."

Congress intends "what the court says it intends," and unless we make it abundantly clear on the floor of the Senate, and do provide legislative history from time to time, I can readily understand how the judicial branch will get so wide of the mark that we should be a little more careful. Not even speed, under the circumstances recited with respect to the 1964 Civil Rights Act, will quite condone our haste and the oversight in making legislative history.

Mr. BENNETT. I thank the Senator from Illinois for assisting me in making the record clear today.

Mr. President, I yield back the remainder of my time.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. CHURCH. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 11, lines 13 and 14, it is proposed to strike out "\$1,170,000,000" and insert in lieu thereof "\$1,055,000,000."

Mr. CHURCH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the time for the quorum come from the time of the Senator from Idaho?

Mr. CHURCH. Yes. The time may be charged to me from the time allotted on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. CHURCH. I yield myself such time as I may require within my limitation.

I have prepared, for the convenience of Senators, a brief summary of the amendment. I do not intend to speak at length on it. It is perfectly clear what is intended by the amendment. Simply stated, it would hold the level of military assistance at \$1.055 billion, which is the present level of the military assistance program. It would strike out the proposed increase of \$115 million, which is now contained in the bill.

I would emphasize, first of all, that the amendment really has no effect on Vietnam. In the first place, the bill contains an allocation of money for Vietnam; the reduction involved in the amendment can be easily absorbed elsewhere in the overall program. Fifty-eight countries are scheduled to receive grant military assistance in fiscal 1966 under the projected program covered by the bill.

In the second place, Congress has amply demonstrated its willingness to vote whatever the President may request for the war in Vietnam, such as the extra \$700 million appropriation recently approved for military operations in that country; and the extra \$89 million which the Senate has added to the pending bill for economic development along the Mekong River. Vietnam is not really affected by the amendment.

In addition, I might point out, by way of further evidence, that if, in the future, the President should determine that more money is required for Vietnam, the bill contains two provisions by which the President could divert additional money into southeast Asia. The first provision is the President's own contingency fund, which he may use for this purpose; the second provision is the \$300 million annual transfer authority by which Defense Department stocks can be drawn upon to enlarge military assistance to any country above authorized limits, when the President finds such action "vital to the security of the United States." For these several reasons, Vietnam is not an issue here.

The purpose of the amendment is twofold. First of all, it seeks to avoid new increases in routine military assistance

to countries where the existing programs are subject to serious question.

For example, the bill, as it now stands, would enlarge military assistance to both Greece and Turkey, although both countries have been on the verge of going to war with each other for the past year in the crisis over Cyprus. The bill would provide increased sums to enlarge our military assistance to both India and Pakistan, although both of those countries are now engaged in border skirmishes against each other, and the problem of a serious war between them is very imminent and real.

These countries have been using American-supplied arms and equipment, in direct contradiction of their pledges to the United States not to use American-furnished arms for purposes other than resisting Communist aggression.

Yet, despite the fact that these countries are poised on the point of war with one another, despite the fact that American equipment is being used in direct violation of pledges to the United States, we propose not only to sustain the program of arms assistance supplied to both sides, but to reward the offenders by increasing the size of the military aid we propose to give them.

How can this kind of action possibly serve the best interests of the United States?

To avoid it, to hold the program at its present level, and to preclude any reward being conferred upon countries that have violated their pledge in the use of this equipment, by increasing the program in the coming year—these constitute the first reason for the amendment.

Second, and more generally, the amendment, if adopted, would help to hold the line against the trend toward an ever-larger foreign aid expenditure by the United States. It is commonly believed that the aid program is diminishing by virtue of certain cuts that the Congress has effected in the bill in recent years. But the bill forms only part of our aid. It is a smaller part of the total program than is generally understood. So, in order to get some idea of what the overall trend has been, embracing all forms of aid given by this country, I asked the members of the Foreign Relations Committee to gather the totals for the most recent years for which the complete figures are available. Those years turned out to be fiscal years 1960, 1961, 1962, and 1963. If Senators will refer to the table that they will find on their desks, they will observe that the total aid program has been going up from \$5.2 billion in 1960 to \$5.8 billion in 1961, to \$6.6 billion in 1962, to nearly \$7 billion in 1963.

So, the second effect of the amendment would be to stem the trend toward a continually increasing general expenditure for foreign aid by the United States.

Mr. President, I ask unanimous consent that the table prepared for me by the staff of the Foreign Relations Committee be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. assistance—Net obligations and loan authorizations, fiscal years 1960–63

[In millions of dollars]

Agency	Fiscal year—			
	1960	1961	1962	1963
AID and predecessor agencies ¹	1,866	2,012	2,508	2,296
Social Progress Trust Fund.....			224	125
Food for peace.....	1,106	1,325	1,576	1,790
Export-Import Bank.....	305	962	535	572
Other economic programs ²	97	88	234	363
Military.....	1,845	1,462	1,526	1,834
Total.....	5,219	5,850	6,603	6,980

¹ Includes escapees and refugees, Intergovernmental Committee for European Migration, ocean freight, voluntary relief agencies, strategic materials, American schools abroad, U.N. technical assistance, U.N. Relief Works Agency, U.N. Children's Fund, Indus Basin Development Fund, U.N. Emergency Forces, malaria eradication (WHO), North Atlantic Treaty Organization, U.N. for Congo (technical assistance), International Atomic Energy Agency, medical research (WHO), FAO world food program, community water supply (WHO).

² Includes civilian supplies, United Nations loans, Inter-American and related highways, Peace Corps, Philippine war damage claims, development and support (trust territories), Libyan special purpose funds, administrative area development, migration and refugee assistance, European Atomic Energy Commission, IDA, Inter-American Development Bank.

Mr. CHURCH. That, briefly, represents the argument for the amendment. I point out that it was carefully considered in the committee. It was once adopted in the committee. Then, after considerable pressure from downtown, the question was brought up for reconsideration, and in a very tight vote, the committee rejected the amendment. As I recall, the vote was 10 to 8, but it is fair to say that in that vote the majority of Senators who actually heard the testimony offered in justification of increasing the military assistance program in such places as India, Pakistan, Greece, and Turkey, voted in support of the amendment. It was finally defeated only on the strength of some proxy votes which were cast for Senators who had not had the full benefit of the testimony.

I believe the amendment is a good amendment. I hope that it will be adopted. I urge it upon the Senate with all the vigor and conviction that I possess.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. SALTONSTALL. Is the \$300 million annual transfer authority which the Senator mentioned in the third paragraph of his memorandum in the military assistance program, in the foreign aid program, or in the general defense appropriation? I am not sure.

Mr. CHURCH. I shall check to be certain, but my impression is that the provision is contained in the foreign aid bill, for it permits an enlargement of military assistance over and above the limits of the bill, to the extent of \$300 million, which can be taken from the stocks of the Defense Department, whenever the President determines that such additional money is vital to the security of the country.

Mr. SALTONSTALL. It is in the foreign aid bill?

Mr. CHURCH. Yes.

Mr. GRUENING. Mr. President, will the Senator yield 5 minutes?

Mr. CHURCH. I am happy to yield 5 minutes to the distinguished Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 5 minutes.

Mr. GRUENING. I rise to support the amendment. My only reservation about it is that the amount it seeks to cut is much too small. It is positively shocking that when we have been lading out vast sums of money, for the proper purpose of aiding nations along the boundaries of Communist Russia and Communist China to resist any possible aggression that may come from those Communist nations, they are using those moneys and arms to fight each other.

The distinguished Senator from Idaho has mentioned the case of Pakistan and India—a very flagrant case. About a year ago, when it was apparent that at that time, at least, none of the nations in the Southeast Treaty Organization were coming to our assistance in Vietnam, I called attention in a Senate speech to the fact that Pakistan, which is one of the seven allies associated with us in the Southeast Treaty Organization, had received \$800 million in military aid, to say nothing about \$800 million in economic aid. After I had put the speech in the RECORD, I received a letter from the Ambassador of Pakistan to the United States. He wrote me in part as follows:

You must be aware of the danger of our security posed by India, particularly as a consequence of recent developments. India is, as it has always been in the last 16 years, in an aggressive mood. Recently her military buildup has proceeded at an alarming rate. The pretext for this, as proclaimed by India, is the possibility of a clash in the future with China, even though the chances of such a clash are now regarded as negligible by all competent observers.

The Ambassador went on to say that the money which we are giving his country as a safeguard against aggression from a Communist country would necessarily be used to protect his country from possible aggression from India. At the same time we are giving India similar military aid. Since that letter was written, clashes between Pakistan and India have actually broken out. There is fighting on the border between India and Pakistan with our U.S.-supplied arms. Yet the bill would commit the folly of increasing the military allowance to both countries.

We saw a similar situation in the case of Greece and Turkey, which are likewise lined up geographically against the Communist bloc, and presumably are to use our military aid to repel communism. The bill now before us requires it. Yet when they got into a fight over Cyprus, they were using the U.S.-supplied arms against each other.

Recently, in a third case, we increased our military aid to Jordan, which at one time not so long ago was considered to be a sort of buffer state designed to soften the tension between the Arab States and Israel and not completely in the Arab bloc. But since that time Jor-

dan has committed acts of aggression against the friendly nation of Israel.

I believe by all means that the modest reduction proposed, which would merely return the amount of military aid to the present level, should be adopted.

I also approve the comments of the senior Senator from Idaho on the fact that the overall amount of aid is steadily increasing. We were told last year and we are told again this year that the bill be a "barebones" bill. On that basis we are not supposed to cut a dollar from it. But as the Senator from Idaho has pointed out, though the amount authorized by the bill before us is \$3.3 billion, we see that as recently as 1963 a total of foreign assistance of virtually \$7 billion was authorized through various other agencies and that amount is now even larger. There are listed in the memorandum which the Senator has presented a number of additional agencies through which aid is funneled through additional spigots in our foreign aid program.

The distinguished senior Senator from Idaho has not listed all of the kinds of aid. I know it is rather difficult to find all of it.

Mr. CHURCH. We have made a conscientious effort to list all of it, and I am somewhat appalled that we fell short of the mark.

Mr. GRUENING. I assure the Senator that as I study the foreign aid program, I am constantly discovering new spigots previously not apprehended. I hope that the amendment will be adopted. What we should do to those nations is to serve peremptory notice on them that if they use the arms furnished to resist Communist aggression, against each other again, aid to them will be cut off completely. That would be kind of vigorous, appropriate action requested in the circumstances.

So the Senator's amendment, while very helpful and one which I am happy to support, is only a slight tap on the wrist to the offending nations.

Mr. CHURCH. I agree with the Senator. I am only attempting to hold the line against further increases in programs which at best, are very dubious.

Mr. MORSE. Mr. President, will the Senator yield 3 minutes to me?

Mr. CHURCH. I yield 3 minutes to the distinguished Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 3 minutes.

Mr. MORSE. I ask unanimous consent to have printed at this point in the RECORD a brief statement I have prepared on the Church amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE

Section 505 of the Foreign Assistance Act defines the utilization of military assistance. It may be used for: "(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security."

Certain provisos that follow restrict military aid in Latin America and authorize military aid to countries for so-called civic action purposes.

Section 506 outlines conditions of eligibility. (a)(1)(C) says they shall not use or permit the use of such articles for purposes other than those for which furnished; and (a)(3) requires that the recipient "will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles."

And finally section 506(d) states: "Any country which hereafter uses defense articles or defense services furnished such country under this act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such acts shall be immediately ineligible for further assistance."

The world knows that Pakistan and Turkey are in violation of section 505(a), which was added to the law in 1963. Under section 506(d) they are no longer eligible for military assistance. Pakistan has and is using American military aid in its border war with India; Turkey has and is using American military aid in its hostilities over Cyprus. Under the law, both countries must permit American review and observation of their use of our equipment and services.

Instead of enforcing the law, the Pentagon chooses to even matters up by arming the other side. So we send more military equipment to Greece and India. I cannot understand why this administration and the Congress proceed to arm these countries in violation of our own laws.

Mr. MORSE. Mr. President, the Senator from Idaho has stated accurately what occurred in the Committee on Foreign Relations. The amendment was adopted by an overwhelming vote in the first instance. Then the Pentagon went to work with its lobbying activities. Senators who are members of the committee were visited by the "brass," and subsequently there was some change of viewpoint on the part of some Senators. On the second vote in committee, the amendment was rejected by a vote of 10 to 8.

However, in my judgment, the lobbying impression has worn off, and I believe that if we were to vote on this matter in the Committee on Foreign Relations now, the vote would be overwhelming in support of the Church amendment. I voted for the amendment then; I shall be pleased to vote for it in the Senate. I supported a similar amendment last year, as the Senator from Idaho knows. I agree with the Senator from Alaska [Mr. GRUENING]. I wish the cut were greater than it is.

Mr. President, I wish to read three paragraphs from the statement I just placed in the RECORD. I wish to speak a moment about the eligibility for military aid under the law, a law which is being winked at by our Government in place after place around the world.

Section 506(d) states:

"Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1964, as amended, or any predecessor foreign assistance act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such acts shall be immediately ineligible for further assistance."

The world knows that Pakistan and Turkey are in violation of section 505(a), which was added to the law in 1963. Under section 506(d) they are no longer eligible for military assistance. Pakistan has and is using American military aid in its border war with India; Turkey has and is using American military aid in its hostilities over Cyprus. Under the law, both countries must permit American review and observation of their use of our equipment and services.

But do not worry; such permission will not be granted, and we shall again wink at a violation of the law.

Instead of enforcing the law, the Pentagon chooses to even matters up by arming the other side. So we send more military equipment to Greece and to India. I cannot understand why this administration and the Congress proceed to arm these countries in violation of our own laws.

I wanted to cite these examples of clear violations of the law in regard to military aid, violations which I think give support to the desirability of our going at least as far as the Senator from Idaho would go. I consider it to be a most inadequate saving, but at least it would be some saving. It might set a precedent that could be used at a later date in really doing the foreign aid job that needs to be done.

Mr. CHURCH. I thank the Senator from Oregon. I yield 1 minute to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I heartily support the amendment. It would cut \$115 million from the military assistance provisions of the bill. It has been curious to me that whereas Congress has indicated for many years—several years, anyway—that it wanted to phase out a large part of military assistance, we find the Pentagon, under cover of the Vietnamese crisis, and with the approval of the administration, which has absolutely nothing to do with this amendment, seeking to increase military aid by \$115 million over the amount which was asked for and received last year. The excuse is that the reduction was greater than the amount that was approved last year.

Having heard all the testimony that was brought before the Committee on Foreign Relations, I am unable to agree with that contention.

As the Senator from Idaho [Mr. CHURCH] says, we are giving Greece money to fight Turkey; Turkey, money to fight Greece; Pakistan, money to fight India; and India, money to fight Pakistan. I cannot approve of that. Any increases in amounts under this program should be in the economic portions, not the military. So I shall support the amendment.

Mr. CHURCH. I thank the Senator from Pennsylvania.

Mr. President, I reserve the rest of my time, so that Senators who are opposed to the amendment may state their case.

Mr. MORSE. Mr. President, have the yeas and nays been ordered on the amendment?

Mr. CHURCH. The yeas and nays have been ordered.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. To whose time is the quorum call to be charged?

Mr. SMATHERS. Mr. President, I ask unanimous consent that the time for the quorum call be charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield myself 3 minutes to speak in opposition to the amendment offered by the distinguished Senator from Idaho [Mr. CHURCH].

The PRESIDING OFFICER. The Senator from Montana is recognized for 3 minutes.

Mr. MANSFIELD. Mr. President, I should like to point out to the Senate that the committee went into the military assistance program in great detail during its hearings and markup sessions.

The committee rejected a motion to cut military assistance by this amount, or approximately this amount. At one point the committee did agree to cut military assistance to \$1,055 million, the amount authorized last year, the amount which the Senator from Idaho seeks to have as the amount this year. However, upon reconsideration and after urgent representations by the Secretary of Defense, the committee voted to restore the cut.

Unfortunately, it is necessary that much of the detailed information concerning this program is classified. But, if any Senator is interested, that information is available in the transcript now in the Foreign Relations Committee room downstairs.

There are a few general points to be made.

First. Of the total amount, more than half is proposed for only five countries—Vietnam, Korea, Turkey, Nationalist China, and Greece. A substantial cut of the total program would almost certainly have to be reflected in one of those countries, or, as an alternative, the fund would have to be transferred to other countries in order to take up the slack.

Second. The amount proposed by the amendment is equal to the lowest annual appropriation that has been made for military assistance since the program began.

In fiscal year 1964, the appropriation was also \$1 billion. This accounts, in part, for the increased request this year, because it made it necessary to postpone meeting several requirements. Certainly the world is no more stable now than it was last year or 2 years ago.

I hope that this amendment will be defeated.

Mr. SMATHERS. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized for 3 minutes.

Mr. SMATHERS. Mr. President, at the time that this amendment was proposed in the committee, the committee had agreed to the cut.

Representation was then made to the

committee members by the Secretary of Defense, Mr. McNamara, and very strenuous recommendation was made by Under Secretary George Ball—because, at that time, Secretary Rusk was out of the country—as to the essentiality of placing this money back into the program.

They pointed out that if 85 percent of this particular money were to go to countries in the periphery of the Communist empire, if at this particular stage we were to begin cutting our military program with respect to Greece, Turkey, Pakistan, and India, what we would have to do, in effect, would be to increase our own military effort sooner or later. Certainly this is no time for us to say that the world is quieting down. This is no time for us to say to the Communists "We are not on the move." This is no time for us to say logically that we should decrease our own military forces or the forces of any other friendly nation.

With that kind of representation made, as I say, by Mr. McNamara, and by Under Secretary George Ball, the committee voted to restore this amount of money.

I had hoped and expected to get by this time certain statistical information which I have not thus far received.

I am no longer a member of the committee. Therefore, I have not given to the matter the same continued interest or support that I naturally could have been expected to give had I remained on the committee. However, I well remember when the leaders of this Nation said:

This is not the time to cut our military efforts. This is not the time to cut aid to Greece, Turkey, or Pakistan.

Every one of us thoroughly understands that if we have received any threat from the Communists up to and including the past few years, it is at this point greater than it has ever been before.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SMATHERS. Mr. President, I yield myself 2 minutes so that I may yield to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PASTORE. Mr. President, the Senator from Rhode Island has listened attentively to what the distinguished Senator from Florida has said. I agree with him. We need Turkey, Greece, Pakistan, and India. But, are we not deluding ourselves a little when we presume to say that if Turkey is to fight Greece or Cyprus, they will all join hands to fight the Russians?

That is logic that I cannot quite understand. If Pakistan is going to fight India, are they going to join hands and fight Russia or China?

Mr. SMATHERS. Mr. President, does the Senator want an answer?

Mr. PASTORE. Yes. The answer is very simple. It is "No." We cannot expect that two nations warring against each other will join hands because there is a threat from a third party, which party seems to be the main threat to the United States.

The only fault that I find with the amendment—

Mr. SMATHERS. The Senator is talking on my time. Does he want to ask me a question?

Mr. PASTORE. The Senator gave me the time. It is my time.

Mr. SMATHERS. Did the Senator already have the answer to the question, or did he want to ask me a question? I am happy to yield to him.

Mr. PASTORE. Mr. President, I shall vote against the amendment. I do not believe it would accomplish the purposes it seeks to accomplish.

If this were an amendment providing that we do not intend to increase aid to nations within an alliance that are fighting one another, I should vote for the amendment. But this is an overall cut.

In the kind of world in which we live today, how can we say now, on this day in June 1965, what the situation will be 4 or 5 months from now?

We would be making a horrible mistake which would endanger our own security if we were to begin to cut down on military aid. It is a meat-ax cut. There is nothing to prevent the Defense Department from putting in all the money for this purpose, up to the tune of the cut, for Greece, Turkey, or Pakistan.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. Mr. President, may I have an additional 2 minutes?

Mr. SMATHERS. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I thank the Senator from Florida.

There is nothing that would prevent this money from going to Pakistan or India. If this measure were amended to read that in no instance would we increase military aid to nations or alliances that are fighting one another, I should vote for the amendment. But to cut it down promiscuously—and I use that word advisedly, not knowing what the threat is going to be tomorrow—I could not support the proposal.

I hope that if my distinguished friend from Florida—if I may have his attention—disagrees with what I said, he will give me the answer.

Mr. SMATHERS. I would dislike to yield 5 minutes to the Senator to hear his speech again, but I regret to say to him that I did not hear what he said.

Mr. PASTORE. I said it loud enough.

Mr. SMATHERS. When the Senator from Rhode Island said he was going to vote against the cut, I thought that whatever he had to say after that was superfluous, that he was on the right side, and that he would make the right choice.

Regrettably, Senators who believe that this is no time to cut this particular military budget were caught a little off guard. As I said, I am no longer on the committee. The amendment came up and I was alerted while I was having lunch downstairs. I made the motion to restore the cut in committee, for the reason which the Senator from Rhode Island well expressed. He did not particularly like some of the arguments I made, but he finally got around to agreeing with me, which again proves the great judgment of the Senator from Rhode Island.

In any event, I recall very well the great concern expressed by the Secretary of Defense and the Secretary of State with respect to this cut. This was one cut they did not want, because, as the able Senator from Rhode Island has said, this was not the time to cut. If ever our Nation has been threatened, if ever the world was in turmoil, it is now.

If we bring about a sizable cut of this particular nature, all it means is that the United States will have to increase demands on its own young men. It would have to increase its own military expenditures.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. MORTON. In order to vote intelligently on the amendment, I would like to get some information as to what the pipeline consists of. A \$115 million cut is involved. Only 10 years ago, as I recall, back in about 1954, there was about \$6 billion in the pipeline, and it has gone down to about a billion and a quarter dollars.

It is called the pipeline. It means military goods that are on order or under shipment, and so forth.

If the pipeline were substantially large, this cut would represent a relatively small percentage. However, if the pipeline were down to a minimum, because we had appropriated relatively nothing in the past 2 or 3 years, I would be inclined to vote against the amendment.

Can the Senator from Florida enlighten me as to the pipeline situation?

Mr. SMATHERS. Only to the extent that when the Secretary of Defense appeared, apparently he thought the pipeline was not good because of the fact that we have been engaged in activities in South Vietnam. The pipeline, therefore, has been depleted to a major degree. But he was sure that if we followed this particular cut, it would, in time, and apparently sometime in the near future, require the United States to make an additional request to use its own manpower and ask for additional sums of money for ourselves.

Mr. MORTON. I appreciate the reply of the able Senator.

Will the Senator from Idaho yield some time to me for elaboration of this subject?

Mr. CHURCH. I have only 4 minutes left.

Mr. MANSFIELD. Mr. President, I yield the Senator some time.

Mr. CHURCH. May I answer the question raised by the Senator from Kentucky?

As the Senator knows, there are many figures that appear in this document that are secret, but I understand the total is not. As I read the total in the pipeline, to which this bill would add additional money, the amount is just under \$2 billion.

Mr. MORTON. What was it a year ago? Is that figure available?

Mr. CHURCH. I shall be glad to check again and supply the figure.

Mr. MORTON. In 1954, as I recall, there was \$6 billion in the pipeline. During the next 3 or 4 years it was reduced to a total of \$2 billion. During those

years the administration asked for fewer funds because it was using the pipeline. If the pipeline has been reduced to an irreducible minimum, I would be inclined to oppose the amendment of the Senator from Idaho.

Mr. CHURCH. The pipeline has been running in the \$2 billion plus range since 1960. I show the Senator the exact figures. The Senator can review them for himself.

Mr. MORTON. I understand that the totals are not secret. Apparently these totals are available. In 1961 the pipeline had \$2,597 million. Next year it was \$2,784 million. Then it was \$2,421 million. The latest figure is \$1,922 million. That is not too much of a drop, but it is a decided drop from what it was, because when the figure of \$2 billion is reached, to me the amount is irreducible, and I shall be constrained to vote against the amendment.

Mr. SMATHERS. Mr. President, I yield myself 1 minute to read from the statement which came from the Defense Department. Let me read just two sentences:

Thus, a cut in military assistance would result in severe reductions in Turkey and in other major countries on the Sino-Soviet periphery. Very simply, in order to maintain the vital support of our efforts in South Vietnam at the proposed level, the United States would be forced to reduce military aid to such countries as Taiwan, Pakistan, Greece, and Turkey to unacceptable levels.

Mr. FULBRIGHT. Mr. President, will the Senator yield me 1 minute?

Mr. CHURCH. I yield 1 minute to the Senator.

Mr. FULBRIGHT. This statement was made before the committee while we were appropriating with enthusiasm \$700 million to pursue the war in Vietnam.

In committee I voted for this figure, which maintains it at the current level. The Senator from Rhode Island said he would be inclined not to grant military assistance to countries that were fighting each other. One of the principal reasons I voted for it in the committee was that such a cut, except in emergencies, would be assessed against those countries. That was what influenced me and some of my colleagues. It seemed rather futile to increase appropriations to countries which are more interested in fighting themselves than others. That is a part of the reason I did it.

All the turmoil around the world is not attributable to the paucity of our military appropriations. If anything, the reverse might be true. I am not convinced that it doesn't contribute to the turmoil.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield to the Senator from Rhode Island.

Mr. PASTORE. That is exactly the point I make. Does the Senator from Arkansas agree that if we make the proposed cut, there is nothing under the law that would prevent the Department of Defense from putting the money wherever it might be needed?

Mr. FULBRIGHT. There are certain restrictions. It would not affect aid for Latin America. But in the overall

military assistance program, which is given to us in secret—and I think there are good reasons for that—it is not set out in the law how much each country receives. That has never been the practice. There is good reason for it. But in the presentation books, they tell us how much is intended for these countries. They would be forced, it seems to me, to make a choice. Perhaps they could shift between Turkey and Greece, India and Pakistan. I am not at all sure that I am in a position to say that any certain number of dollars must come from one or the other country. All of it is in the form of a cut. I am not to particular whether it should be one or the other. There is great dissension among these countries—much jealousy among them that one country is getting more than the other. I would not tie our hands on each country. It would be bad precedent, but I would like to maintain it at approximately what it is now.

They never have lacked for military money. If they needed more, they would probably come and get another \$1 billion before the end of July.

Mr. PASTORE. I am one of those who believe in the military program. I am one of those who because they are unfamiliar with the intimate facts involved must leave it to the administrators of the Government to cope with the problem. I hope that they are giving us information which is trustworthy. I am perfectly willing to accept whatever figure they suggest. I quite agree with the argument made by my distinguished colleague who is sponsoring the amendment that I believe it is absolutely fallacious in every way for us to be giving money to two nations who are warring against one another. It is idiotic.

All I am saying is that if we could write that specifically into the law, I could subscribe to it, but I cannot subscribe, at the same time, to an overall cut of a program in which I believe. All I am saying is that if we do make the cut today, there is absolutely nothing to prevent the Defense Department from allotting whatever money it wishes, either in Turkey, Greece, in Pakistan, or in India, no matter what they have been saying.

Mr. FULBRIGHT. They cannot do it all. They have to make some choices. About half of the reports from the General Accounting Office relate to waste and maladministration of the military hardware part of the program. The most distressing reports from the General Accounting Office have been those reports setting out the facts where we have supplied a substantial amount of hardware to countries which are not equipped to use them. The equipment just sits in their warehouses. It is never used. It is this kind of thing which has influenced my opinion as to whether they could absorb some reasonable cut. Anyway, it is not really a cut, it is continuing the same level as this year. It is only a cut from the increase.

Mr. GRUENING and Mr. MORSE addressed the Chair.

Mr. CHURCH. Mr. President, how much time remains to me?

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair).

Three minutes remain to the Senator from Idaho.

Mr. CHURCH. I yield 30 seconds to the Senator from Oregon [Mr. MORSE].

The PRESIDING OFFICER. The Senator from Oregon is recognized for 30 seconds.

Mr. MORSE. I wish to say to the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Rhode Island [Mr. PASTORE], as I pointed out a few moments ago that Pakistan and Turkey are already in violation of the law itself. They are not entitled to anything, if the Government would enforce it, because they are using their military aid for purposes that are prohibited under law and so the issue that the Church amendment, I believe, takes for granted, is that it will strengthen at least the determination of our Government to take the money from Turkey and Pakistan.

Mr. GRUENING. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. Mr. President, I yield 1 minute to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 1 minute.

Mr. GRUENING. Mr. President, the basic fact is that Pakistan and India have been using money given them for defense against Communist invasion and aggression to fight each other. They have expended ammunition and used up machinery. It would seem to me not only would this cut be a distinct warning to them, but a useful instrument to deter them from military combat. We should say to them, "Look here, you have got to stop fighting each other or we are not going to give you the additional money which is intended for another purpose."

That is why I believe the amendment is extremely important and should be enacted.

Mr. CHURCH. I thank the Senator very much. I wish to point out that the provisions for which the Senator from Rhode Island has made such an eloquent plea, already exist in the law under section 620(1) in the present foreign aid bill. There is now a prohibition against giving military assistance to any country engaging in aggression, and a Presidential determination is required in that regard. The language is perfectly clear.

Mr. President, I ask unanimous consent that this section of the bill be printed here in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

(1) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against (1) the United States, (2) any country receiving assistance under this or any other Act, or (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

Mr. CHURCH. Mr. President, the difficulty is that there is no effective way to enforce this kind of provision, because it necessarily must rest upon Presidential discretion. Therefore, if we are to reach this problem, we can only reach it through our control of the purse strings. If we pull back on the purse strings, we force a reassessment of priorities and accomplish our purpose.

The consistent experience of the committee has been one of continuing frustration in attempting to establish standards of the kind the Senator from Rhode Island advocates. These now exist in the law; yet, military assistance goes on.

Mr. PASTORE. Mr. President, will the Senator from Idaho yield me 30 seconds?

Mr. CHURCH. I yield 30 seconds to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 30 seconds.

Mr. PASTORE. Is it not a fact that the law specifically states that none of this money shall be given to any nation which is warring against another nation which is receiving money from the same fund? Does not the Senator believe that enforcement of the law would be an inducement to these nations to bring their aggression to a halt?

Mr. CHURCH. In reply to the Senator from Rhode Island, let me read the law. Section 620(1):

(1) No assistance shall be provided under this or any other act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against (1) the United States, (2) any country receiving assistance under this or any other Act, or (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954—

The PRESIDING OFFICER. All time of the Senator from Idaho has now expired.

Mr. CHURCH. Mr. President, I ask unanimous consent that I may proceed for 3 minutes on the bill to complete my argument.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CHURCH (continuing):

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this act.

Mr. President, I cannot imagine finding words that would be more definite in expressing the intent of Congress on this question. But words are not enforced. The only way Congress can influence the program is through the purse strings.

All my amendment seeks to do is to hold the military assistance program at its present level, in order to avoid increases to those very countries which are now violating their pledge to the United States by using military equipment which we have supplied to them in warring against one another.

If this does not make sense, I do not know what does.

The only way Congress can reach this matter—as the language of the present law proves—is by cutting down the amount of money available to the program. I believe that the case for my amendment is very good. Those who heard the testimony in the committee, when it came to a final vote, were in favor of the amendment.

The PRESIDING OFFICER. All the time has now expired—

Mr. PASTORE. Mr. President, is there any time left?

The PRESIDING OFFICER. The Senator from Florida [Mr. SMATHERS] has 6 minutes remaining.

Mr. SMATHERS. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 2 minutes.

Mr. PASTORE. Mr. President, the problem is a little bigger than the sponsor of this amendment has defined it.

What we are trying to prevent is giving an increase to the nations warring in violation of the intent of our aid. If I understand the law, they should be cut off from all funds.

The problem is bigger than what we are stating here. The problem which confronts us is the enforcement of the law.

Someone is derelict in his duty if we are giving out money prohibited by law. Someone positively is in dereliction of his duty if that is so. There is no question in my mind at all that it is a violation of law. I believe that what we should do if we have this problem is to come to grips with it. I do not believe that this amendment is the way to do it. We are making some kind of legislative history in the Senate today that does involve the security of the United States of America. We argue cutting down these funds. We would not be cutting down funds alone for India, for Pakistan, for Turkey, or for Greece. We would be cutting these funds down for the entire panorama of those who are on our side in our fight against communism.

I believe that it would be wrong to inflict a meat ax cut at this point. If we have a problem of violations, I hope that the Foreign Relations Committee would get together to obtain an inquiry and find out why we are giving money to nations who are violating the law.

Mr. SMATHERS. I yield myself 2 minutes.

Mr. President, I do not believe the Communists have given up their hope of some day taking Greece. I do not believe they have given up their hope of someday taking Turkey. I do not believe that whether or not Greeks or Turks happen to be fighting with each other lessens the Communist interest in taking over either one of them. We started a program in 1947 to let those countries build themselves up to the point where they could at least resist or hold the line against Communist aggression in the event it started. I do not believe that the Communists have given up their desire to take Pakistan or India. It is unfortunate that Pakistan and India are

embroiled in some measure with each other. However, if we deprive them of what they need to defend themselves until we can get there if the Communists move against them, we are inviting Communist aggression and are urging them to come in. This was the argument of the Secretary of Defense and the Assistant Secretary of State before our committee.

Under the conditions as they exist throughout the world today, I believe it would be a most inopportune time to make this cut.

I yield 1 minute to the Senator from Kentucky.

Mr. MORTON. Mr. President, the statement has been made that the adoption of the Church amendment would hold the expenditures in this area of military equipment, supplies and ammunition at present levels. I point out that that statement is not correct. In the past 5 years we have made a reduction in the pipeline of \$700 million. This means that the delivery of military goods amounted to the appropriation plus the diminution in the pipeline. The pipeline is at the point where it cannot be cut any more. Therefore this proposal in effect, would be a cut. How much, no one can tell, but it is an actual cut against the present level.

Mr. CHURCH. Mr. President, I yield back whatever time remains to me.

Mr. SMATHERS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHEL], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Indiana [Mr. HARTKE], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mr. NEUBERGER], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Ohio [Mr. LAUSCHEL], the Senator from Washington [Mr. MAGNUSON], and the Senator from Alabama [Mr. SPARKMAN] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Oklahoma [Mr. HARRIS]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Oklahoma would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], and the Senator from Kansas [Mr. PEARSON] are absent on official business.

The Senator from California [Mr. MURPHY] is necessarily absent.

If present and voting, the Senator from Hawaii [Mr. FONG] and the Senator from California [Mr. MURPHY] would each vote "nay."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 38, nays 43, as follows:

[No. 119 Leg.]

YEAS—38

Aiken	Ellender	Nelson
Allott	Ervin	Pell
Anderson	Fulbright	Prouty
Bartlett	Gore	Proxmire
Bayh	Gruening	Randolph
Bennett	Hart	Robertson
Bible	Hruska	Saltonstall
Burdick	Kennedy, Mass.	Simpson
Carlson	Long, La.	Symington
Church	McGovern	Williams, Del.
Clark	Montoya	Yarborough
Cotton	Morse	Young, Ohio
Douglas	Moss	

NAYS—43

Boggs	Javits	Mundt
Byrd, W. Va.	Jordan, N.C.	Pastore
Cannon	Jordan, Idaho	Ribicoff
Case	Kennedy, N.Y.	Russell, S.C.
Cooper	Kuchel	Scott
Dirksen	Mansfield	Smathers
Dodd	McCarthy	Smith
Dominick	McGee	Stennis
Eastland	McIntyre	Thurmond
Fannin	McNamara	Tower
Hickenlooper	Metcalf	Tydings
Hill	Miller	Williams, N.J.
Holland	Mondale	Young, N. Dak.
Inouye	Monroney	
Jackson	Morton	

NOT VOTING—19

Bass	Hayden	Neuberger
Brewster	Lausche	Pearson
Byrd, Va.	Long, Mo.	Russell, Ga.
Curtis	Magnuson	Sparkman
Fong	McClellan	Talmadge
Harris	Murphy	
Hartke	Muskie	

So Mr. CHURCH's amendment was rejected.

Mr. SMATHERS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 241, AS MODIFIED

Mr. MORSE. Mr. President, I offer a modified version of my amendment No. 241, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. (d) At the end thereof, it is proposed to add the following new section:

SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEARS 1966 AND 1967.—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during each of the fiscal years 1966 and 1967 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,000,000,000 for each such year.

Mr. MORSE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, as many

Senators know, I had planned to propose an amendment that would cut the bill by \$500 million. But the Senate added \$89 million to the original committee bill, and \$2 million in an amendment by Senator PELL. So I have picked the round number of \$3 billion, which means that we would cut the bill as amended by the Senate by \$443 million. Let me make clear again that instead of \$500 million cut as I originally proposed, I am now proposing a cut of \$443 million, leaving a round figure of \$3 billion as the foreign aid figure.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. YARBOROUGH. I ask the distinguished Senator from Oregon what the amount authorized for foreign aid 2 years ago was. What was the total?

Mr. MORSE. The figures are as follows:

Total foreign aid appropriations

	Billions
1963-----	\$3.9
1964-----	3.0
1965-----	3.25
1966 (in this bill)-----	3.44

Comparisons of foreign aid requests, authorizations, and appropriations

[In millions of dollars]

Year	Requested	Authorized	Appropriated
1963-----	4.78	4.57	3.90
1964-----	4.53	3.60	3.0
1965-----	3.52	3.51	3.25

Mr. President, the case for my amendment is found in 11 inches of condensed evidence piled on top of my desk. I know that Senators have not read these reports, but I say most respectfully that I am at a loss to understand how Members of the Senate can vote on a foreign aid bill without familiarizing themselves, at least in general, with the nature of the reports.

These are the reports of the Comptroller General of the United States. They are devastating reports of the watch dog of the expenditure of funds appropriated by Congress, by the agency that the Congress has set up to "watch dog" the expenditure of appropriated funds. These reports show the shocking waste, inefficiency, and the cause of corruption of American foreign aid around the globe.

Listen to the testimony of the Comptroller General before the Foreign Relations Committee when asked a question by the Senator from Pennsylvania [Mr. CLARK]. It appears on p. 346 of the hearings:

Senator CLARK. I am not quite sure I know what you mean when you say "you can't compare." Do you mean AID is so much worse?

That is, speaking of AID in comparison with other agencies.

Mr. CAMPBELL (the Comptroller General). I think the AID problem of waste is greater than it is in any other civil agency.

I ask unanimous consent that the entire colloquy of Senator CLARK and Mr. Campbell on this point be printed at this point in the RECORD.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

COMPARISON OF AID ADMINISTRATION TO OTHER GOVERNMENT AGENCIES

Senator CLARK. Mr. Campbell, in the course of the very able work done by the very fine people in your agency, you range pretty far and wide across the executive branch of our Federal Government.

I am wondering if you could give us your view as to whether the administration of this AID agency is any worse than the others you audit in terms of waste or inadequate handling of the money which is appropriated to this Agency?

Mr. CAMPBELL. Senator CLARK, this, of course, is a very unusual program as you know.

Senator CLARK. Fraught with unusual difficulties.

Mr. CAMPBELL. Great difficulties: The program has serious personnel problems and my prediction is that it will have more problems because it is becoming more difficult every day to persuade capable people, in sufficient numbers, to live in the countries in which we are attempting to help out in the economic as well as the military assistance programs.

Senator CLARK. Particularly when they tend to become "whipping boys."

Mr. CAMPBELL. Well, even with our own staff, we have a great difficulty today in getting young men to live abroad as compared with 10 years ago when foreign assignments were quite popular. This takes me to the answer to your question: As far as I know, let us put Defense agencies aside, in the civil area, in which the economic assistance program would logically fall. I don't think that you can compare the problem of waste in other agencies with the problem in AID.

Senator CLARK. I am not quite sure I know what you mean when you say "you can't compare." Do you mean AID is so much worse?

Mr. CAMPBELL. I think the AID problem of waste is greater than it is in any other civil agency.

Senator CLARK. Do you mean any other civil agency that you audit?

Mr. CAMPBELL. We see them all, with the exception of a very few which are exempt from our surveillance.

Senator CLARK. How about USIA?

Mr. CAMPBELL. That would generally be comparable to the State Department's problem, as contrasted with AID's problem.

Senator CLARK. You would say, of course, there is an enormous State Department establishment overseas outside of AID. Would it be your opinion that the waste in AID would be substantially greater than the regular State Department activities?

Mr. CAMPBELL. I am not so sure. I think that from where I sit, the reports coming to me would indicate that the percentage of saving of waste is greater than it is in the State Department proper.

Senator CLARK. Well, they have more money to spend.

Mr. CAMPBELL. There would be more money to spend.

Senator CLARK. I am not trying to press you for an answer you are unwilling to give.

Mr. CAMPBELL. No, but—

Senator CLARK. This program has been in the doghouse of the Congress for goodness knows how long. It is awfully easy for individuals to whom the program is unpopular to talk in generalities about waste and inefficiency and ineffective personnel. I am asking for a specific answer to a question which may not be susceptible to a specific answer. In your opinion, is that an Agency that is badly run and which Congress—

Mr. CAMPBELL. I am glad you said it that way, Senator, because we are talking about waste. You might also be talking about an

agency that is well run and in which there could be substantial waste.

Senator CLARK. That is true.

Mr. CAMPBELL. Because by the nature of its activity—

Senator CLARK. And because of the individuals with whom they must deal; take the Philippine situation.

Mr. CAMPBELL (continuing). Waste is a fundamental part of it. It may well be. But I say that the AID program is in a class by itself with respect to prospective waste.

Senator CLARK. Is this not equally true of the defense program overseas?

Mr. STOVALL. Except the defense purposes seem to be a little more definable.

Senator CASE. You mean not military assistance?

Senator CLARK. I am not talking about defense support. I am talking about the actual deployment of American troops overseas with all the attendant problems which that raises and which are not so very different from the problems which affect AID. I am seeking an answer from you as to whether you think the Defense Department and the military do a better job in eliminating waste and running an efficient shop than AID does.

That is value judgment.

Mr. CAMPBELL. In my judgment I would say the military does a better job.

Mr. MORSE. I cannot read to the Senate the confidential reports of the Comptroller General, but Senators can read them. After they leave my desk they will go back to the Foreign Relations Committee and be available to Senators there. I suggest that Senators read those so-called confidential reports. I have checked and found that I am free to read their titles. If Senators will read those confidential reports, they will know why the senior Senator from Oregon for the past several years has been urging Congress to revise and reform the foreign aid program and stop the clipping of American taxpayers out of hundreds of millions of dollars that they ought to be protected in seeing to it that they are not wasted.

Listen to some of these titles: "Inadequate Planning, Programming, and Contracting for a Fixed Communications System for the Government of Indonesia Under the Military Assistance Program." The Comptroller General went into Indonesia and came forth with his findings of shocking waste in connection with that program. Do not forget that these are examples. This is not an exhaustive, all-inclusive survey of the expenditure of hundreds of millions of American taxpayers' dollars. Do not forget that we are dealing with a program which, since 1946, has resulted in the spending of more than \$111 billion of American taxpayer largess in the foreign aid program.

Listen to the title of the next secret report: "Report on Review of Military Assistance Provided to the Republic of the Philippines." It is a nice, thick volume, in which the Comptroller General found one waste after another, plus inefficiency, in the administration of the program.

One cannot read these reports and not form, reluctantly, as I have reluctantly and sadly formed, the opinion that the administration of foreign aid is honeycombed with wastrels. The administration of aid is honeycombed with personnel who are given to inefficiency because

of shocking incompetency on the part of too many of the people in the administration of foreign aid.

Mr. President, one cannot read these reports of the Comptroller General without concluding that our foreign aid administration is overstaffed in one part of the world after another. The record is against foreign aid, so far as its administration protects the interests of the American taxpayer.

All that the senior Senator from Oregon has been trying to do in the years that he has been pleading for reform of foreign aid is to try to clean out the inefficiency and waste. One cannot read these reports without discovering that the Comptroller General has found out that the way foreign aid has been administered in some areas of the world has led to corruption on the part of the foreign governments that we are aiding.

It is sad to relate that the word "secret" appears on every one of these reports. In a free society, which we call a democracy, the American taxpayers, who pay the bill, ought to have this information by way of a full public disclosure. Why in the world should the American taxpayers be denied access to the evidence of the shocking inefficiency and waste of a branch of their Government called the foreign aid administration? Why should they not be told the ugly facts that exist in the administration of foreign aid? We ought to clean house with respect to foreign aid. That is all I have been asking for.

Mr. President, there is no reason why the American taxpayers should have concealed from them such vital facts as are brought out by the Comptroller General. Do we really believe in government by secrecy? Does Congress really want to support government by concealment? I say, most respectfully, that this is the way to establish a government of executive supremacy. This is the way to break down our system of checks and balances, constitutionally guaranteed to the American people, a system of three coordinate, coequal branches of government.

I know that some Senators do not like to hear what I am relating; but I say, most respectfully, that so long as Congress puts its stamp of approval upon the device of operating the Government by secrecy, the American people will lose their freedom to the extent that they are denied the protection to which they are entitled; namely, in a democracy, a full public disclosure of the public's business. So long as Congress supports the doctrine of government by secrecy, we who are in the minority have our lips sealed, because we all know that we cannot violate the doctrine of secrecy and not find ourselves in violation of the rules that are binding upon us as Senators.

I will tell the American people where they can correct this situation. They can correct it in the voting booths. They ought to start correcting it in 1966 and finish the job in 1968.

I say to the American people: You ought to make clear between now and the election of 1966 and the election of 1968 that you want government by secrecy in this country stopped, and that,

therefore, you will hold to an accounting those who ask that you place your trust in them, and see whether or not they will join with those of us who want government by secrecy in this country stopped.

Let me read another title: "Waste of Funds in Construction of Shahabad Depot in Iran Under Military Assistance Program." I ask Senators to read that report and then tell me if they are so sure they were right when they voted against the motion of the senior Senator from Oregon to try to do something to reduce the amount for military aid. So many millions of dollars are being wasted in the military aid program that it is shocking that we cannot bring about the type of cuts that the Senator from Oregon, the Senator from Alaska, and other Senators have been trying to get in connection with the foreign aid program.

Let me read another title: "Inadequate Consideration Given to Utilizing Reserve Fleet Ships in Lieu of Providing New Ships to Iran Under the Military Assistance Program." If Senators will read that report, they will find another devastating report against the administration of the American foreign aid program.

Let me read another title: "Review of Military Assistance Program for a Far East Country." They will not even mention the name of the country in this one. It is awful. Read it. They even keep the name of the country a secret in the title of the document.

I am not privileged to name the country. I am privileged only to name the titles of the report. This is another example of the shocking waste of American taxpayers' dollars in connection with that report, found by our own watchdog, our own agent.

For the past several years Congress has been walking out on one of the most dedicated public spirited servants we have ever had—the Comptroller General of the United States, Mr. Campbell. In committee and on platforms across the country, I have praised him. I praise him again on the floor of the Senate. Here is a man who dares to speak the facts as he finds them. Here is a courageous public servant.

We have treated him in a very shabby fashion. Congress ought to be thanking him and not, in effect, repudiating him. That is what we are doing when we refuse to adopt amendments that would bring about reforms that he finds are called for.

Listen to the next title. "Deficiencies in the Military Assistance Program for the Spanish Army." Read it and one will have a hard time to justify our failure to vote for the necessary cuts in military aid and the clearing up of the foreign aid program.

"Review of Military Assistance Program for Indonesia." We cannot even get stopped the foreign aid program for that little military tyrant in Indonesia without putting a so-called presidential escape clause in it. When I think of the millions of dollars of the taxpayers' money that Congress has wasted by sup-

porting that reprehensible character, the head of the Indonesian Government, I am at a loss to understand why we have not cut out, with no escape clause at all, but as a matter of principle, further aid to that tyrant.

Listen to the next title. "Furnishing of Military Assistance to Ethiopia in Excess of the Country's Ability To Effectively Utilize the Equipment." Read it and one will find a great waste of the American taxpayers' money that we have been guilty of in connection with our foreign aid in Ethiopia as to its military weapons.

Listen to the next title. "Inefficient Utilization of Personnel To Administer the Military Assistance Program in Advanced Western European Countries." Our European allies would not like to hear that one. However, for some years I have pointed out that we have been throwing away American taxpayers' money in connection with NATO.

Listen to the title of the next one. "Unnecessary or Premature Procurement of Sidewinder Missile Training Systems and Their Delivery to Foreign Countries Under the Military Assistance Program." Read it. It represents another shocking waste of the taxpayers' money.

Listen to the title of the next one: "Inadequate Administration of Military Budget Support Funds Provided to Pakistan Under the Foreign Assistance Program." Read it, and one will find again that we have been pouring down the rat-hole of waste millions of dollars of the American taxpayers' money. And yet some Senators plead to clean house on foreign aid. We plead to try to stop the shocking waste. What are we faced with? The waving of the flag into tatters. The argument is, "This is not the time."

Let me say for those apologists that the time will never be appropriate, for they will always find an alibi and rationalization for not proceeding to protect the American taxpayers in connection with the foreign aid program.

That is why the Senator from Oregon has been trying to bring to an end the entire program by means of the Morse amendment, the amendment that came from the committee, and other means. I would be less than honest if I were to say that I am not the most surprised man that it survived the committee, and I hope that it survives in the Senate.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Does the Senator from Oregon yield to the Senator from Maryland?

Mr. MORSE. I yield.

Mr. TYDINGS. Mr. President, how much would the amendment reduce the aggregate authorization for the fiscal year 1965-66?

Mr. MORSE. \$443 million. That is my revised amendment.

Mr. TYDINGS. There would be a figure of \$3 billion?

Mr. MORSE. \$3 billion. That would involve a saving of \$443 million.

The Senator from Maryland knows that I previously stated that I would try to cut the bill by \$500 million. However,

that was before the Senate added another \$89 million. I thought I had better take a round figure of \$3 billion. That would make a saving, as I said, of \$443 million.

I am glad that the Senator asked the question. I have tried to be fair to the administration and leave it to their discretion as to where to make the cut. They will not have any difficulty. They will have no difficulty making a cut of \$443 million. If they take only 10 per cent of the Comptroller General's findings they will find that they can save many times \$443 million within that 10 per cent.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. RANDOLPH. Mr. President, I call attention to an individual case which I think reflects on the administration, or rather the mechanics, of foreign aid. I am not sure of the answer, and perhaps my senior colleague from Oregon [Mr. MORSE] has comment on the following distressing development in distribution of food in Latin America under our aid program.

I have a friend who part time lives in Iquitos, in the country of Peru. My distinguished colleagues, Senators HOLLAND and SMATHERS, who are in the Chamber, should know that my friend is from the State of Florida. I believe his family is well known to my colleagues.

He has provided me within recent days a card removed from certain foodstuff, which are being given out in that country. On the label it states, "Donated by the people of the United States of America. Not to be sold or exchanged."

This young man points out to me that the natives cannot read English, that they, of course, read Spanish—some of them read Spanish. Many can not read any language. The label should be in the language of the country. Yet he says that the people there do not know that what we are giving them comes from the United States of America. He states further and indicates that much of our gift material is being sold in Iquitos, Peru. This is a perplexing problem. I call it to the attention of the Senate today, not to argue for or against the pending amendment, but to caution the citizens of our country that this misuse of our largess should be eliminated.

Mr. MORSE. That goes on all over the world in connection with this program. I cannot mention the country, but one of the reports points out that we made available a large sum of aid money to a country, and they took the money and bought wheat from Australia, while, at the same time, we had wheat rotting in American storage bins in surplus.

Our Government does not like to have the Comptroller General point out those sordid facts, but this dedicated public servant, in report after report, has given the Senate and the House evidence that justifies them in making savings on the foreign aid bill.

But what are we doing? We are yielding to pressure and arm twisting. We are yielding to the greatest lobby in this country; namely, the lobby of the Penta-

gon, the State Department, and the AID officials. Those are the most important and powerful lobbies in the country, supported by the White House. I put the responsibility where it rests—on the front step of the White House, because it has the responsibility for cleaning up the foreign aid program.

I am at a loss to understand how these devastating reports showing shocking waste in the administration of the foreign aid program could continue to exist and the White House not insist on cleaning it up.

I read the title of the next report:

Ineffective Programing, Delivery, and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force Under the Military Assistance Program.

Read it and tell me how a Senator can justify his vote in opposition to cleaning up the foreign aid program.

The next one:

Ineffective Maintenance and Utilization of Equipment Furnished to Iran Under the Military Assistance Program.

Read it and tell the American people how Senators can justify their votes against efforts seeking to clean up the foreign aid program.

I read the next title:

Inadequate Administration of Military Budget Support Funds Provided to Iran Under the Foreign Assistance Program.

Read that one and tell me how Senators can justify their votes against amendments of the senior Senators from Idaho and Oregon and other Senators, who have been offering amendments in good faith, trying to eliminate some of the shocking waste in the administration of the foreign aid program.

I read the next one:

Ineffective Programing, Delivery and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force Under the Military Assistance Program.

Read that one and tell me if Senators are so sure of the way they voted when they cast votes against amendments trying to save the American taxpayers from the shocking waste in the administration of the military assistance program.

The next one reads:

Review of Programing, Delivery, and Utilization of Selected Missile System Equipment Delivered to European Countries Under the Military Assistance Program.

Read that one and tell me if Senators do not believe they should have done something about supporting amendments that seek to save the American taxpayers from the shocking waste in the administration of the military assistance program.

The next one:

Review of License Fees Being Charged the U.S. Government for the Right To Produce SS-11 Antitank Guided Missile Mutually Developed by France and the United States.

Read that report and tell me how enthusiastic Senators are about having voted against amendments that would have saved taxpayers from some of the shocking waste in the administration of the military assistance program.

The next one:

Review of the Utilization of Army Equipment Furnished Under the Military Assistance Program for Thailand.

Senators know that if they read that one and read the other reports on Thailand they could not justify their refusal to do something about cleaning up the administration of the Foreign Aid Act. Most Senators do not know that we really finance Thailand as far as the military is concerned. We supply her additional funds for supporting assistance, which is nothing more than another military assistance program under an economic label.

I am always amused when I hear the bleeding hearts for freedom talking about freedom in southeast Asia, for in southeast Asia we do not support freedom. We support totalitarianism. In Thailand we are not supporting freedom; we are supporting a monarchy. In Thailand we are not supporting a free society; we are supporting a society that lives under a form of totalitarian government. We are pouring great sums of the American taxpayers' money into it. Yet when a few of us try to clean up the foreign-aid program, we are considered somewhat strange in some quarters for trying to stop some of the shocking waste in the administration of the foreign-aid program.

Let me read the next one:

Review of Payments Made by the United States for Construction of Airfields in France.

Let me read the next one:

Ineffective and Overly Costly Aspects of Military and Economic Assistance Provided to Thailand.

More waste. Let me read the next one:

Unnecessary Dollar Grants to Iran Under the Foreign Assistance Program.

More waste.

The PRESIDING OFFICER. All the time of the Senator has expired.

Mr. MORSE. I yield myself time under the bill. I expect to use all the time in opposing the bill. I do not believe any other Senator will be opposing the bill.

Mr. FULBRIGHT. Mr. President, so far as I am concerned, there are 4 hours on the bill, which some Senators will be using. I see no reason why the Senator should not use time on the bill.

Mr. MORSE. I yield myself 10 minutes under the bill.

The next report is titled:

Review of Economical Assistance Provided to the Republic of the Philippines for Development Purposes.

That is an account of more waste.

Now we come to a group of reports in blue. They deal with economic matters. They are not secret, but there is no more reason why these should be open to the public than the others.

The title of the first one is:

Overprocurements Resulting from Ineffective Supply Management in Korea Under the Military Assistance Program.

The next one is:

Unofficial Use and Overstated Needs of Commercial Type Vehicles by the Military Assistance Advisory Group and the Headquarters, Support Activity, Taipei, Republic of China.

The next one is titled:

Review of the Local Currency Military Budget Support Program for Korea.

The matter of local currencies and the misuse of the objectives of our foreign

aid program thereunder is pretty shocking.

The next one is titled:

Questionable Aspects of Budget-Support Loan Made to the Government of Ecuador.

In reading it, Senators will find further evidence of the need to clean up the foreign aid program.

The next one is titled:

Summary of Deficiencies Related to the Inadequate Administration of Military Budget Support Funds Provided to Certain Countries Under the Foreign Assistance Program.

The next one is titled:

Excessive Costs Incurred for Rehabilitating to Original Appearance and Serviceability Military Equipment Donated to Foreign Nations Under the Military Assistance Program, Department of Defense.

Mr. President, I ask unanimous consent, because the reports are all of the same type, that the titles of the remaining reports be printed at this point in my remarks.

There being no objection, the titles of the reports were ordered to be printed in the RECORD, as follows:

Unnecessary Payment by the United States of Costs Properly Chargeable to Japan for Administrative and Related Expenses of the Military Assistance Program for Japan.

Followup Review of Department of Defense Action To Obtain Reimbursement From Foreign Countries for Administrative Expenses Under the Military Assistance Program.

Followup Review of Department of Defense Action in Canceling Excessive Procurements and Redistributing Aircraft Spare Parts Programed for or Delivered to Portugal Under the Military Assistance Program—Department of Defense.

Summary of Reviews of the Maintenance and Supply Support of Army Equipment Furnished to Far East Countries Under the Military Assistance Program.

Weaknesses Involving Primarily the Disposition of Surplus Nonfat Dry Milk—Commodity Credit Corporation, Department of Agriculture.

Unnecessary Costs Resulting From an Inflexible Policy of Donating Flour Instead of Wheat to Voluntary Relief Agencies for Distribution Abroad Under the Agricultural Act of 1949, as Amended—Department of Agriculture, Agency for International Development.

Improper Payment of Port Charges on Shipments to Colombia of Food Donated Under Title III of the Agricultural Trade Development and Assistance Act of 1954—Agency for International Development.

Improper Payment of Colombian Port Charges for Surplus Agricultural Commodities Sold Under Title I, Agricultural Trade Development and Assistance Act of 1954 (Commonly Known as Public Law 480)—Department of Agriculture.

Followup Examination on Certain Aspects of U.S. Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran—Agency for International Development, Department of State.

Inadequate Controls for Determining Compliance by Foreign Governments With Restrictions Placed on the Disposition of Agricultural Commodities Made Available Under Title I, Agricultural Trade Development and Assistance Act of 1954 (Commonly Known as Public Law 480)—Department of Agriculture, June 1963.

Understatement of Claims Against the United Arab Republic and the Federal People's Republic of Yugoslavia for Recovery of Excessive Ocean Transportation Costs Financed by the Commodity Credit Corporation Under Title I, Agricultural Trade Development and Assistance Act of 1954

(Commonly Known as Public Law 480)—Department of Agriculture.

Excessive Ocean Transportation Costs Incurred for Shipments Until Title I, Agricultural Trade Development and Assistance Act of 1954—Department of Agriculture.

Unnecessary Dollar Costs Incurred in Financing Purchases of Commodities Produced in Brazil—Agency for International Development, Department of State.

Ineffective Utilization of Excess Personal Property in the Foreign Assistance Program—Agency for International Development, Department of State.

Failure to Effectively Utilize Excess U.S.-Owned Foreign Currencies To Pay International Air Travel Ticket Costs Being Paid in Dollars—Department of State, Department of Defense, Agency for International Development, U.S. Information Agency, and other Government Agencies.

Improper Retention of Dollar Collections on Loans Made by Corporate Development Loan Fund—Agency for International Development, Department of State.

Additional Interest Costs to the United States Because of Premature Releases of Funds to the Social Progress Trust Fund Administered by the Inter-American Development Bank—Treasury Department and Agency for International Development.

Loss of Interest on U.S.-owned Foreign Currencies in the Republic of China (Taiwan)—Treasury Department, Department of State, and Agency for International Development.

Review of Certain Problems Relating to Administration of the Economic and Technical Assistance Program for Vietnam, 1958-62—Agency for International Development, Department of State.

Review of the Administration of Assistance for Financing Commercial Imports and Other Financial Elements Under the Economic and Technical Assistance Program for Vietnam, 1958-62—Agency for International Development, Department of State.

Examination of Economic and Technical Assistance Program for Turkey—Agency for International Development, Department of State, Fiscal Years 1958-62.

Undercollections of Interest and Principal in Foreign Currencies on Certain Loans to Foreign Governments—Agency for International Development, Department of State.

Ineffective Administration of U.S. Assistance to Children's Hospital in Poland—Agency for International Development and the Department of State.

Deficiency in Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile—Agency for International Development, Department of State.

Examination of Certain Economic Development Projects for Assistance to Central Treaty Organization, Agency for International Development, Department of State.

Review of Economic Aspects of Loan for Construction of Water Supply System in Saigon, Vietnam, Development Loan Fund (Succeeded by Agency for International Development, Department of State).

Examination of Economic and Technical Assistance Program for Korea, International Cooperation Administration (Succeeded by Agency for International Development)—Department of State, Fiscal Years 1957-61, Part I.

Examination of Economic and Technical Assistance Program for Korea, International Cooperation Administration (Succeeded by Agency for International Development)—Department of State, Fiscal Years 1957-61, Part II.

Review of Administration and Utilization of U.S.-owned Foreign Currencies in Selected Countries.

Mr. MORSE. Mr. President, I use these titles as my argument. I do not know what more can be said than what

I have said for 3 years, year after year, as I have sought in the Senate to provide a cleanup of the foreign aid program. If these reports will not move the Senate, I hope the voters will move the Senate, because that is the only way there will be a cleanup of inefficiency and waste in the Government. But I also hope that if the people who elected us to this office really want it, Senators will take the necessary steps to cleanup the waste, inefficiency, and corruption.

I spoke a moment ago about the fact that this year, for the first time, in the Foreign Relations Committee I received favorable consideration of the so-called Morse amendment on foreign aid. It was modified somewhat, but I believe members of the committee at least left the heart of it there and the arteries attached to it.

Accordingly, I accepted the modification. The Morse formula on foreign aid seeks to bring to an end the present program of foreign aid from the beginning of fiscal year 1967, that we start all over with a new foreign aid program.

I am for foreign aid. I know that I am represented across the country as being some kind of neo-isolationist, that I am against all foreign aid, when exactly the opposite is true.

I happen to be for good foreign aid, not corrupt foreign aid. I am for foreign aid that will really help the United States export the greatest weapon for foreign aid it has; namely, the weapon of economic freedom to the underdeveloped areas of the world.

Thus, Mr. President, I am glad that the Morse formula is in the Senate bill. I hope that it will stay there. I wish the Senate to know that the second major feature of the Morse formula, if it becomes law, provides for a new foreign aid program at the beginning of fiscal 1967, which would be limited to 50 countries rather than to the 90 countries we are now aiding. We cannot justify spending millions of dollars of the American taxpayers' money on 90 nations.

That is the heart of the Morse formula on foreign aid.

Mr. President, I close by saying that I believe I am asking for a bare minimum when I ask for a \$443 million cut in the bill, leaving \$3 billion, and leaving it up to the President and his assistants to decide where the savings will be made.

I wish the Senator from New Hampshire were in the Chamber, because he and I had a talk a few moments ago concerning the pipeline. I advise Senators not to be fooled by pipeline statistics. The Senator from New Hampshire is a member of the Appropriations Committee. He said—and I believe I am quoting him correctly—that he never has been able to get an accurate account of what is really in the pipeline in view of all the confusing language used.

In my judgment, the \$3 billion ceiling on this aid would leave, over, and above the \$3 billion, so much money for the administration to carry on its foreign assistance program, that I am ultraconservative in asking for only a cut of \$443 million, because the total foreign assistance program of this Government is

nearer \$7 billion than any amount which the administration talks about.

We must take into account all the other foreign aid programs which semantically are not labeled foreign aid. They are labeled foreign assistance of one kind or another. It is all American taxpayers' money. The poor taxpayers are the ones being clipped, sheared, and fleeced. I happen to believe that although it is long overdue, we should start now to carry out what I consider to be our trust, and clean up the foreign aid program—for it is a stinking mess.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. With regard to the reports, I do not wish the RECORD to stand that the committee gave the Comptroller General shabby treatment, or that we ignored his reports. On the contrary, he appeared for a full day before our committee, and we adopted four or five of his suggestions, which are now incorporated in the bill, to cut down the very kind of abuse—if that is the proper word—which has taken place. We went far in accepting the suggestions of the Comptroller General as to how to deal with the abuses which are recorded in the reports which the Senator from Oregon has described. Therefore, I do not believe it is correct to say that the Comptroller General, Mr. Campbell, was given shabby treatment and that no one paid any attention to him. We paid a great deal of attention to him. The members of the Foreign Relations Committee have the greatest respect for him and believe that he is a most outstanding public servant, and has done an excellent job in supervising and trying to keep up with this extremely difficult program all over the world.

Another point I should like to make is that it is generally said—and I have seen the figures before—that \$111 billion have been distributed—I believe the Senator says in foreign aid largess, leaving the impression that the foreign aid bill which is now under consideration, and its predecessor bills, have distributed \$111 billion.

This is not so. There is nothing like that amount of money, according to the best figures which could be prepared for me by my staff. The AID program and its predecessor agencies—it has had two or three names—have distributed \$38.2 billion of which \$29.3 was in grants, and \$8.8 billion was in loans.

These figures are difficult to break down into clearcut categories, but one explanation of the difference is in the food for peace program under Public Law 480, which is not the AID program which we are dealing with today, which accounts in that \$111 billion for \$12.1 billion. That is one example of a large item which is not in AID, but comes under the primary jurisdiction of the Committee on Agriculture and Forestry, and has at least a dual role.

One of the principal reasons for that program is to assist domestic agriculture. It was of course, incidentally, very

valuable to foreign countries. There is no denying that fact, but that legislation comes under the jurisdiction of the Committee on Agriculture and Forestry.

Take the Export-Import Bank—included in the \$111 billion total—which is \$8.7 billion. These are loans made for the promotion of American exports and are repayable in dollars. The Export-Import Bank has been very successful. It has a large surplus.

Then there are such things as the Social Progress Trust Fund, and so forth. Many different items are involved. There are other economic programs, for example, which include some 30 separate programs, such as the British loan and subscriptions to certain international financial organizations.

For example, a subscription to the International Bank is not largess by foreign aid. That bank is extremely successful. It has a surplus of nearly \$1 billion in earnings and is making substantial profits every year.

The large total of \$111 billion includes all sorts of items in the area of foreign aid. It creates an entirely erroneous impression to use that figure in connection with the pending bill, because the pending bill is only one segment of the overall activities in this field.

Take the Marshall plan, for example. Of the grants of \$29.3 billion which I mentioned in the AID and predecessor agencies, \$13 billion was for the Marshall plan.

I believe that one clear mistake we made as a matter of policy—and the Senate is as much responsible as anyone—was that entirely too much was in grants, because we were dealing with countries which had already demonstrated their capacity for rehabilitation.

It is well, at least, to keep this general perspective in mind.

For the RECORD, I might mention that of that \$111 billion, \$33.6 billion consisted of straight military assistance grants, primarily for hardware.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself 5 minutes more.

Again, this is somewhat like Public Law 480. It also has a dual purpose; that is, it is in the interest of the foreign country, but it has also been presented and justified and offered year after year by the Pentagon's representatives as being in our own interest. Year after year Defense Secretaries and Chiefs of Staff have said that a dollar spent in foreign military assistance for weapons is as important to our own defense here as a dollar spent on our own forces.

Here again there is a mixed motive. It is true that it helps protect the foreign country, but it is also in our own interest.

The one point I make is that there is a large amount in that category; \$77.6 billion was for economic aid. Of that \$77.6 billion, \$47 billion was in grants, and \$30 billion has been in loans. There has already been returned, as of the end of the fiscal year, \$10.3 billion. This has not all been a "rathole" operation, so to speak, as one would gather from reading the newspapers.

The credits outstanding as of June 30, 1964, were \$12.1 billion. It is anticipated, based upon past experience and on what is coming due, that in calendar year 1965, \$929 million will be repaid; in 1966, \$931 million; 1967, \$915 million; in 1968, \$860 million.

While this has been a loosely administered program, nevertheless, it is nothing like a \$111 billion giveaway program, about which we so often read in the newspapers, as I have said. It is something less than that.

Many other things are involved. I do not need to go into them now. There are contributions to international organizations, and so forth. I believe Senators get the picture.

According to our arithmetic, the Senator from Oregon proposes to cut \$441,170,000 across the board, without any allocation as to any item. The previous amendment specifically cut a specific item, and it related to certain programs that were presented in justification of those items by the Defense Department.

The proposed cut is a cut across the board. It is not specified where the cut is to be made. That is left to the administration.

In the first place, this is a very poor way to attempt to deal with a bill as complex as this one is. The senior Senator from Oregon has complained bitterly about Congress abdicating its function. He has told how we are giving up our power to the executive department. Now he comes along and would turn over to the Executive a free rein to cut the program anywhere he wishes to cut it. The Executive could pick out the way to do it. This is not a good amendment. I believe that if he wishes to cut the program, this is not the way to cut it, with a meat-ax approach. That is a poor way to do it. If he wishes to reach this total—I am not suggesting that he do it this way, because I would be against it anyway—but if he wishes to make a cut, he should take so much out of each item. That is what the previous amendment would have done, and I favored it. I hope the Senate will reject the amendment.

Mr. MILLER. Mr. President, will the President yield?

Mr. FULBRIGHT. I yield.

Mr. MILLER. What troubles me about the bill and the pending amendment is the recent action by the Senate in appropriating \$700 million for the war operations in South Vietnam, and then the other day adding another \$89 million in authorizations for development of the Mekong Delta.

We have been advocating and requesting and urging our allies to join us in the operations in South Vietnam, and up to this time with very limited success. It seems to me that an argument can be made, so long as we are now involved in a fight for freedom in southeast Asia, and as long as we found it necessary only within the last few weeks to ask the taxpayers of the country to spend \$789 million more in that effort, that it would be a good idea to cut back \$300 million or \$400 million in our foreign aid program for this year, and let our friends know that we are sorry, but

since some of them are not joining us in fighting the war in South Vietnam—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself 1 more minute.

Mr. MILLER. Because some are not joining us in the fight in Vietnam, the next best thing they can do is to take a little less foreign aid. I ask the Senator from Arkansas. What is wrong with that argument? Would he respond to that argument? We are in a multi-million-dollar deficit anyway, and this would be one way to help finance the war in South Vietnam without straining our own financial resources too much.

Mr. FULBRIGHT. Does the Senator suggest that this ought to be conditioned upon no aid to those who are not helping us in South Vietnam? Is that his argument?

Mr. MILLER. Not necessarily, but it would be one approach.

Mr. FULBRIGHT. It would be a possible approach. Perhaps the Senator could tie his argument to that approach better than to nothing at all; but what we have before us is a proposal of the administration, and it deals with a great many things besides Vietnam. For example, South America is heavily involved. I do not believe that any of us seriously believes that those countries are capable of making any contribution to the war effort in South Vietnam. We are helping them. Should we say to them, "We will give you \$10 million to help yourself, but you must give us back \$5 million to help South Vietnam"? That is the kind of situation in which we would find ourselves. I regret that there are not many countries helping us in South Vietnam. What they are doing is merely helping in a token fashion. I do not believe we can tie all these troubles to foreign aid. Foreign aid must stand on its own bottom. It is based on the justification and reasons that have been offered, and it must stand on that justification or on nothing at all. I do not believe we can use it as a lever for extraneous objectives. I have always objected to trying to use the bill as a means of opening the Suez Canal, for example, or to try to make somebody be good. I do not believe in that approach.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself 1 more minute.

I am sympathetic with the idea that we ought to have more help. Some countries will not help because they question whether we are entirely in the right in South Vietnam. Some countries, like France, have said as much. They think we are in the wrong, and therefore they will not help us. We have had differences of opinion in the the Senate, as the Senator has seen, when votes have shown a 50-50 difference of opinion on some amendments. The Senator will admit that there is argument for a difference of opinion here. There is certainly a good deal of it with respect to South Vietnam.

Mr. MILLER. Mr. President, will the Senator yield I more minute?

Mr. FULBRIGHT. I yield 1 more minute.

Mr. MILLER. I believe that if the amendment were adopted, it would not be a case of the President saying that all foreign aid to a certain country is terminated. It seems to me that he might say even to Latin American countries that we regret it very much, but due to the war in South Vietnam we shall have to ask them to sacrifice a little along with us. Our boys are dying in South Vietnam; and certain Latin American countries could well get along with a little less foreign aid. That is what he could say to those countries. I believe there would be merit to that approach. I do not understand why there would be objection to such an approach.

I thank the Senator from Arkansas.

Mr. FULBRIGHT. This is an authorization bill. If the President finds that he does not wish to give a certain amount to any of these countries, because they have not acted right, he has the authority to do so. That is why the bill does not set a specific amount for each country. It leaves that to the President's discretion. He has the discretion to make arrangements. The Senator's proposal would cut the total below what those who presented the facts to use have justified, at least in the judgment of a majority of the committee. All this will come back again and will be gone over again in the Appropriations Committees.

Whether or not the judgment of all the committees and the Congress together is infallible I shall leave for the Senator to answer. I presume there is some room for doubt about that, but that is the best I can do.

Mr. MILLER. I know I am asking the indulgence of my good friend the Senator from Arkansas and his patience, but I should like to ask one further question, and that will be all. I am advised that there is \$7,340 million in the foreign aid pipeline. If the Morse amendment should be adopted, would it be the judgment of the Senator from Arkansas that there would necessarily be any particular reduction in foreign aid in the coming year in view of that pipeline?

Mr. FULBRIGHT. A moment ago when military assistance was discussed quite a statement was made on that subject. The Senator from Kentucky made an impassioned plea. He said that the pipeline was down to rockbottom, and that the proposal would be taking the very meat out of the bones or the bones out of the meat if we cut that a little more than \$100 million.

Mr. MILLER. Yes. That was in relation to military assistance.

Mr. FULBRIGHT. That is a third of the program. The Senator has already gone over that, so I shall not do it again. If the Senator will wait a moment, I shall determine what the pipeline is.

The timelag on supply equipment, and so on, is a slippery area. I believe the overall pipeline has been going down. In the economic program, unexpended balances at the end of June are estimated at \$3,957,339,000. That is spread over all kinds of items. For example,

there are development loans. Often there is a longtime lag between the negotiations and the actual expenditure of funds. Those are the estimated unexpended funds. They may not be unobligated, but the total is the unexpended balance. It is impossible for me to say that there are so many dollars in the pipeline. The amount I have stated is not an unduly large pipeline in view of the history; and I believe it is about as low as it has ever been. This is a very slippery area.

Mr. MILLER. I thank the Senator for his response. I recognize that it is not easy to pinpoint something like that.

Mr. FULBRIGHT. It is difficult to say the exact amount.

Mr. MANSFIELD. Mr. President, I yield 10 minutes on the bill to the Senator from Oregon [Mr. MORSE].

Mr. FULBRIGHT. I have time available. I shall be glad to yield my time to the Senator if he desires it.

The PRESIDING OFFICER. The

Senator from Oregon is recognized for 10 minutes.

Mr. MORSE. Mr. President, I should like to reply briefly to the Senator from Arkansas. First, I wish to make a correction in the figures stated in my amendment. I said that the amendment would save \$459 million. The exact figure is \$443 million. I shall make the correction in the RECORD. There has been a great deal of discussion of what is in the pipeline. Before I comment on what the Senator from Arkansas has said, some time ago I received from AID the figures as of March 31. That, of course, was 2½ months ago. We are close now to the end of the fiscal year, so the sum in the pipeline now is probably less.

Mr. President, I ask unanimous consent that the table I hold in my hand be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Mutual defense and development programs—Unexpended balances (as of latest dates available)

[In millions of dollars]

	Unliquidated obligations, Feb. 28, 1965	Unobligated balances, Mar. 31, 1965	Total unexpended balance
Economic assistance:			
Development loan.....	1,826.1	369.4	2,195.5
Technical cooperation and development grants.....	247.3	111.9	359.2
Alliance for Progress:			
Development loans.....	784.6	158.6	943.2
Technical cooperation and development grants.....	1,456.0	28.1	1,484.1
Supporting assistance.....	283.3	163.3	446.6
Contingency fund.....	65.6	251.8	317.4
International organizations and programs.....	32.4	16.8	49.2
American schools and hospitals abroad.....	13.2	3.3	16.5
Surveys of investment opportunities.....	.7	1.9	2.6
Administrative expenses, AID.....	7.8	16.0	23.8
Administrative and other expenses, State.....	2.1	.6	2.7
Total, economic assistance.....	3,719.1	921.7	4,640.8
Military assistance: Appropriated funds¹.....	2,305.5	195.0	2,500.5
Total, mutual defense and development programs.....	6,024.6	1,116.7	7,141.3

¹ Includes \$356,700,000 IDB Social Progress Trust Fund.

² Excludes \$50,000,000 possible transfer to "Military assistance."

³ Estimated as of Mar. 31, 1965.

⁴ Includes \$50,000,000 possible transfer from "Contingency fund."

Unexpended balances, foreign assistance program, military and nonmilitary¹ including Alliance for Progress but excluding investment guaranties

[In billions]

1950.....	\$3.5
1951.....	7.1
1952.....	9.9
1953.....	10.1
1954.....	9.6
1955.....	7.9
1956.....	6.4
1957.....	6.1
1958.....	5.3
1959.....	4.8
1960.....	4.8
1961.....	6.0
1962.....	6.6
1963.....	6.8
1964.....	6.3
1965 (estimated).....	5.9

¹ Excludes \$200,000,000 public debt funds and fees for the investment guarantee program.

Mr. MORSE. Mr. President, nothing was said by the chairman that causes me to modify one iota a single word set forth in my previous speech. I stand on every word of it. Since 1946, \$111 billion has been made available by the United States around the world for foreign aid and for-

foreign assistance programs. If I correctly understand the Senator from Arkansas, he does not dispute that figure. That also is a staff figure. He points out that the money has been used for a variety of purposes.

A considerable amount of it is in loans. There are two types of loans. I did not hear any discussion from the Senator from Arkansas about the millions of dollars of so-called loans that are not loans at all but are really grants with the word "loan" describing them. They are 40- and 50-year loans at three-quarters of 1 percent interest with 10 years of a grace period in which nothing is to be paid. Then when the obligation is paid, it is to be paid in soft currency.

It is true that in recent years that type of soft loan has been shied away from, but for many years that was the common loan in the undeveloped areas.

I repeat that those loans are 40- to 50-year loans with three-quarters of 1 percent interest and a 10-year grace period with nothing at all to be paid. If payment is ever to be made—and we might as well forget about it; it never will be paid—it would be made in soft currency,

which in many instances is not worth the sheets of used paper on my desk.

The chairman has said, "Of course, we made a mistake in connection with the Marshall plan. We granted them many millions of dollars under the Marshall plan without any repayment requirement."

The Senator is correct. I think we made a mistake. That is not what I am pointing out. I am pointing out what we did for our alleged allies and what our alleged allies have no intention of doing for us.

Under the Marshall plan, out of the largess of the taxpayers' money—and some of the reports of the Comptroller General show shocking wastes in that program—we built the greatest steel mills in the world. The greatest steel mills in the world do not exist in the United States today; they exist in Europe. Under that aid program we bought the greatest chemical plants in the world. They no longer exist in the United States; they exist in Europe. Under that program we built the greatest plastic plants in the world. They do not exist in the United States; they exist in Europe. In other places of the world we have built industrial plants now in competition with the United States. I am not begrudging that. But I am highly critical of the attitude of our alleged allies, including not only France, but Great Britain, and including not only France and Great Britain but the lowlands, and including not only the lowlands and France and Great Britain but all of our beneficiaries under the aid program into which we have poured millions of dollars either by way of grants or by way of soft loans or by so-called hard loans—and the hard loans are at a surprisingly low rate of interest.

Where are those allies in this time of crisis? Senators have heard me say many times during the past year that they will avoid us in Asia. They give us words but not help. Where are they in this hour of big crisis in trying to exercise their obligations of leadership to bring to an end the present growing serious threat to the peace of all the world, including themselves if the war in Asia continues unchecked?

No, Mr. President; \$111 billion is the figure. Much of that \$111 billion was in the form of grants; much of it was in the form of loans. We shall never see a cent of it. It will never come back to the United States.

Take a look at the record of our collection of loans. I believe we shall collect most of our hard loans, but I am talking about the aid that we have provided. I am talking about the benefits we have provided.

The time has come, after we have rehabilitated a good many of those countries, to start drawing the line.

The chairman argues about military hardware. It was to our benefit to provide some military hardware. Without it, those nations would be Communist nations today, because we stood in the way of Russia. Had we not had that courageous fight by the independent from Independence, Mo., and his predecessor, the incomparable Roosevelt, all

Europe today would be Communist territory. I am a little disappointed by the short memories of many of our so-called allies in this hour of crisis.

It is all on our side of the ledger, so far as what we have done with \$111 billion is concerned. What I am pleading for is that we start to taper off. The American taxpayers have a right to have the program tapered off. They have the right to expect Congress to taper it off to the very small amount of \$443 million, as provided by my amendment.

As the Senator from Iowa [Mr. MILLER] has pointed out, this would have a salutary effect on our allies. It would have a salutary effect in demonstrating to the world, at long last, that there is a limit, a bottom, to the pockets of the American taxpayers, and how much we can spend on others in trying to keep communism from their shores.

I shall argue on Monday in connection with Latin American and African programs, as to which I shall offer two amendments. Representatives of African countries have spoken about their right to have foreign aid from the United States. That is what is happening. We had better put a check on that—and quickly. Now is the time to taper off. In its present form, the bill is an increase, and not a tapering off at all.

Mr. FULBRIGHT. Mr. President, I yield myself 3 minutes. I do not wish to delay the vote. I hope I shall not precipitate a longer debate.

I desire to have the RECORD show that these repayments and interest from 1946 to 1964, as carried in the official summary, which I believe to be correct, amount to \$11,154 million from the various so-called aid programs.

We are quibbling about what constitutes aid. I do not consider that the Export-Import Bank provides aid. We pay that ourselves. I agree with much of what the Senator from Oregon says; but he paints entirely too black a picture. One thing I detest about the foreign aid bill is that it is always a vehicle for many speeches which I think are grossly insulting to many of our allies. It is the kind of bill to inspire that kind of argument.

I do not believe that our allies are blameless. I regret that they do not agree with us more. But one of the reasons why they may not be enthusiastic about helping us in southeast Asia is that they have listened to the Senator from Oregon state to the world, for months and months, that the United States is entirely in the wrong there; so he has persuaded them that they have no business being there, and they do not take as much interest in that area as they might. But that has not much to do with this particular bill.

The effect of foreign aid would not be nearly so greatly exaggerated if we had a sensible interpretation of what aid is.

I do not consider that it is aid for me if a bank makes me a loan and charges me a reasonable rate of interest. That is what has happened in many cases. The Export-Import Bank does that. What I consider aid might be called is a grant or a soft loan. It is aid that could not be obtained under any other circumstances. It has the element of a gift or a

grant or a subsidy, even though it may not be wholly a grant.

I am only trying to keep the picture in perspective. I do not deny that the United States has done more than any other country has. I do not deny that we have received shabby treatment from a few countries—not all, but a few.

That is the only point I wished to make. I am ready to vote. I do not believe the picture should be completely one sided. I do not expect to convince the Senator from Oregon; I merely want the RECORD to show that I do not accept his conclusions.

Mr. MORSE. Mr. President, will the Senator yield me 30 seconds?

Mr. FULBRIGHT. I yield the Senator 30 seconds.

Mr. MORSE. I have not convinced our alleged allies that we are wrong in southeast Asia, but—

Mr. FULBRIGHT. The Senator has done a mighty good job of it.

Mr. MORSE. I think that our illegal course of action there has convinced them that they have a good opportunity to make further economic cleanings, as is evidenced by the fact that British ships are still going into North Vietnamese ports.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Oregon. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Oklahoma [Mr. HARRIS], the Senator from Ohio [Mr. LAUSCHEL], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Indiana [Mr. HARTKE], the Senator from Montana [Mr. METCALF], the Senator from Maine [Mr. MUSKIE], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Connecticut [Mr. DODD], the Senator from Ohio [Mr. LAUSCHEL], and the Senator from Washington [Mr. MAGNUSON] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Oklahoma [Mr. HARRIS]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Oklahoma would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], and the Senator from Kansas [Mr. PEARSON] are absent on official business.

The Senator from California [Mr. MURPHY] is necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is detained on official business.

If present and voting, the Senator from California [Mr. MURPHY] would vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Hawaii [Mr. FONG]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Hawaii would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 26, nays 54, as follows:

[No. 120 Leg.]

YEAS—26

Allott	Ervin	Simpson
Bible	Gruening	Stennis
Boggs	Hruska	Symington
Burdick	Jordan, Idaho	Thurmond
Cannon	Miller	Tower
Cotton	Morse	Williams, Del.
Dominick	Mundt	Young, N. Dak.
Eastland	Proxmire	Young, Ohio
Ellender	Robertson	

NAYS—54

Aiken	Hickenlooper	Monroney
Anderson	Hill	Montoya
Bartlett	Holland	Morton
Bayh	Inouye	Moss
Bennett	Jackson	Nelson
Byrd, W. Va.	Javits	Pastore
Carlson	Jordan, N.C.	Pell
Case	Kennedy, Mass.	Prouty
Church	Kennedy, N.Y.	Randolph
Clark	Kuchel	Ribicoff
Cooper	Long, La.	Russell, S.C.
Dirksen	Mansfield	Saltonstall
Douglas	McCarthy	Smathers
Fannin	McGee	Smith
Fulbright	McGovern	Sparkman
Gore	McIntyre	Tydings
Hart	McNamara	Williams, N.J.
Hayden	Mondale	Yarborough

NOT VOTING—20

Bass	Hartke	Muskie
Brewster	Lausche	Neuberger
Byrd, Va.	Long, Mo.	Pearson
Curtis	Magnuson	Russell, Ga.
Dodd	McClellan	Scott
Fong	Metcalf	Talmadge
Harris	Murphy	

So Mr. MORSE's amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I shall offer one additional amendment today. On Monday, I shall have a series of money amendments.

I am very much interested in seeing how my colleagues feel about providing money on a country-by-country basis. We have heard talk about doing something on an individual country basis. I might get some support in this way. I shall offer this amendment first because some of my colleagues suggested that if I were to offer to cut off \$200 million, they would support it.

REPUBLICANS URGE HEARINGS ON U.S. ECONOMIC POLICY CONTROVERSY

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from New York under the bill.

Mr. JAVITS. Mr. President, I ask unanimous consent that there be printed at this point in the RECORD an exchange of correspondence with the chairman of the Joint Economic Committee, in which I and Representative CURTIS, as ranking minority members of the committee, called for a public hearing by the Joint Economic Committee, to explore the fundamental issues raised by Chairman Martin, of the Federal Reserve, in his June 1 speech before the Alumni Federation of Columbia University concerning U.S. economic policy under present economic conditions.

This request has been refused for the moment by the chairman, Representative PATMAN. However, we shall press the request further.

I believe that the Senate should be informed as to what has occurred.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

JUNE 2, 1965.

HON. WRIGHT PATMAN,
Chairman, Joint Economic Committee,
House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: William McChesney Martin's speech of June 1 before the alumni of Columbia University has forcefully brought into the open a fundamental disagreement on the future course of economic policy which exists within the executive branch. It is essential to our welfare as a nation that Chairman Martin's informed and timely warning about the economic perils which may lie ahead should be given the careful and thorough consideration which it deserves.

In the present economic context, the disagreement basically arises over whether the administration can continue to push expansionary fiscal and monetary policies without courting the dangers of a serious overheating of the economy marked by inflation and a further weakening in the international position of the dollar. The implication of Mr. Martin's speech is that such a chain of events might well lead to an economic collapse at home and throughout the free world that would be reminiscent of the 1930's.

We believe that the fundamental issues raised by Chairman Martin require immediate consideration by the Joint Economic Committee in pursuit of its responsibilities under the Employment Act of 1946. Therefore, we urge that you call hearings at the earliest possible time at which Chairman Martin, appropriate members of the administration and private witnesses might testify. We envision that such hearings would explore not only the basic issues raised by Mr. Martin about the differences and similarities between our situation today and in the 1920's, but also the outlook for the economy over the next year and the appropriate policies to deal with it.

You may recall that in August 1962 the minority of the JEC requested similar hearings in the face of mounting interest in a

quickie tax cut, which many deemed necessary because of the fear of impending recession. Those hearings served a highly useful purpose in clarifying the issues and in laying to rest proposals for an emergency tax cut, which events proved unnecessary. We believe that hearings today such as we suggest would serve an equally valid and important public purpose.

With the best regards.

Sincerely,

JACOB K. JAVITS,
U.S. Senate, Ranking Minority Member.
THOMAS B. CURTIS,
Member of Congress, Ranking House
Minority Member.

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
June 9, 1965.

HON. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: Your letter of June 2 raises a question that comes up in this committee every year; namely, whether to hold hearings on the economic outlook and its implications for public policy. Of course, it has the added feature this time that certain issues have risen about the situation through a speech by Chairman Martin of the Federal Reserve.

As you doubtless know, we have sometimes held hearings either in midyear or in the fall on the economic situation and outlook. When we have not it has been because either hearings were not relevant to immediate legislative purpose, or else because the congressional schedule, including the schedule of our own committee, was so heavy that it was impossible to hold hearings at a time when members could attend.

After studying the situation, it appears to me that the legislative schedule at present is so heavy that it would be extremely difficult to have such hearings in the very near future. You may be sure, however, that the suggestion which you and Congressman CURTIS made will be given further sympathetic consideration as the schedule unfolds and we know a little better whether or not this can be done without interfering with legislative schedules.

Meanwhile, I have instructed the staff to exercise unusual care to keep thoroughly apprised of economic developments and of the opinion of outside experts so that, should there seem to be developing a strong current of opinion that the economic situation is changing, we can again review the desirability of an inquiry. The staff can apprise the committee of such developments in the situation by memorandum.

Sincerely yours,

WRIGHT PATMAN,
Chairman.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. I yield 1 minute to the Senator from Iowa.

Mr. MILLER. Mr. President, I want merely to add that I join the Senator and Representative in calling upon the Joint Economic Committee with reference to this timely and important statement.

Mr. SALTONSTALL subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD a speech by William McChesney Martin, Jr., entitled "Does Monetary History

Repeat Itself?" made at the commencement day luncheon of the Alumni Federation of Columbia University on June 1, 1965, in order that the speech may be available for the full discussion that obviously will take place.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

DOES MONETARY HISTORY REPEAT ITSELF?

(Address of William McC. Martin, Jr., Chairman, Board of Governors of the Federal Reserve System, before the Commencement Day Luncheon of the Alumni Federation of Columbia University, New York City, June 1, 1965)

When economic prospects are at their brightest, the dangers of complacency and recklessness are greatest. As our prosperity proceeds on its record-breaking path, it behooves every one of us to scan the horizon of our national and international economy for danger signals so as to be ready for any storm.

Some eminent observers have recently compared the present with the period preceding the breakdown of the interwar economy, and have warned us of the threats of another great depression. We should take these warnings seriously enough to inquire into their merits and to try to profit in the future from the lessons of the past.

And indeed, we find disquieting similarities between our present prosperity and the fabulous twenties.

Then, as now, there had been virtually uninterrupted progress for 7 years. And if we disregard some relatively short though severe fluctuations, expansion had been underway for more than a generation—the two longest stretches of that kind since the advent of the industrial age; and each period had been distorted in its passage by an inflationary war and postwar boom.

Then, as now, prosperity had been concentrated in the fully developed countries, and within most of these countries, in the industrialized sectors of the economy.

Then, as now, there was a large increase in private domestic debt; in fact, the expansion in consumer debt arising out of both residential mortgages and instalment purchases has recently been much faster than in the twenties.

Then, as now, the supply of money and bank credit and the turnover of demand deposits had been continuously growing; and while in the late twenties this growth had occurred with little overall change in gold reserves, this time monetary expansion has been superimposed upon a dwindling gold reserve.

Then, as now, the Federal Reserve had been accused of lack of flexibility in its monetary policy: of insufficient ease in times of economic weakness and of insufficient firmness in times of economic strength.

Then, as now, the world had recovered from the wartime disruption of international trade and finance, and convertibility of the major world currencies at fixed par values had been restored for a number of years.

Then, as now, international indebtedness had risen as fast as domestic debt; recently, in fact, American bank credits to foreigners and foreign holdings of short-term dollar assets have increased faster than in the closing years of the earlier period.

Then, as now, the payments position of the main reserve center—Britain then and the United States now—was uneasy, to say the least; but again, our recent cumulative payments deficits have far exceeded Britain's deficits of the late twenties.

Then, as now, some countries had large and persistent payments surpluses and used their net receipts to increase their short-term reserves rather than to invest in foreign countries.

Then, as now, the most important surplus country, France, had just decided to convert its official holdings of foreign exchange into gold, regardless of the effects of its actions on international liquidity.

Then, as now, there were serious doubts about the appropriate levels of some existing exchange rate relationships, leading periodically to speculative movements of volatile short-term funds.

And most importantly, then as now, many Government officials, scholars, and businessmen were convinced that a new economic era had opened, an era in which business fluctuations had become a thing of the past, in which poverty was about to be abolished, and in which perennial economic progress and expansion were assured.

If some of these likenesses seem menacing, we may take comfort in important differences between the present and the interwar situation.

The distribution of our national income now shows less disparity than in the earlier period; in particular, personal incomes, and especially wages and salaries, have kept pace with corporate profits, and this has reduced the danger of investment expanding in excess of consumption needs.

Perhaps related to that better balance, the increase in stock market credit now has been much smaller.

Instead of a gradual decline in wholesale prices and stability in consumer prices, there has now been stability in wholesale prices though consumer prices have been creeping up.

The worst defects in the structure of commercial and investment banking and of business seem to have been corrected—although we are time and again reminded of our failure to eliminate all abuses.

The potentialities of monetary and fiscal policies are, we hope, better understood—although the rise in Government expenditures even in times of advancing prosperity threatens to make it difficult to be still more expansionary should a serious decline in private business activity require it.

In spite of the rise in the international flow of public and private credit and investment, business abroad appears in general to be less dependent upon American funds. The recent restraint on the outflow of U.S. capital has had little effect on business activity abroad, in contrast to the paralyzing effect of the cessation of U.S. capital outflows in the late twenties.

While the cold war makes for sources of friction absent in the twenties, we are no longer suffering from the cancer of reparations and war debts.

We have learned the lessons taught by the failure of trade and exchange restrictions, and of beggar-my-neighbor policies in general, although the temptation to backslide is ever present.

We have become aware of our responsibility for helping those less developed countries that seem willing and able to develop their economies—although the poor countries still are not becoming rich as fast as the rich countries are becoming richer.

The International Monetary Fund has proved to be a valuable aid to a better working of the international payments system.

A network of international, regional and bilateral institutions and arrangements has reduced the danger of lack of international financial communication.

And finally, the experience of the twenties has strengthened the resolution of all responsible leaders, businessmen, and statesmen alike, never again to permit a repetition of the disasters of the great depression.

But while the spirit is willing, the flesh, in the form of concrete policies, has remained weak. With the best intentions, some experts seem resolved to ignore the lessons of the past.

Economic and political scientists still argue about the factors that converted a stock-exchange crash into the worst depression in our history. But on one point they are agreed: the disastrous impact of the destruction of the international payments system that followed the British decision to devalue sterling in September 1931. At that time, sterling was the kingpin of the world payments system, exactly as the dollar is today. While changes in the par values of other peripheral currencies affected mainly or solely the devaluing countries themselves, the fate of sterling shook the entire world.

This is not wisdom of hindsight. Only a few weeks before the fateful decision was taken, the most eminent economist of the day stated that "for a country in the special circumstances of Great Britain the disadvantages [of devaluation] would greatly outweigh the advantages" and he concurred with his colleagues in rejecting the idea. His name was John Maynard Keynes.

And soon afterwards, another great British economist, Lionel Robbins, declared that "no really impartial observer of world events can do other than regard the abandonment of the gold standard by Great Britain as a catastrophe of the first order of magnitude." This was long before the final consequences of that step had become apparent—the political weakening of the West which followed its economic breakdown and which contributed to the success of the Nazi revolution in Germany, and thus eventually to the outbreak of the Second World War and to the emergence of communism as an imminent threat to world order.

As if neither Keynes, the founder of the anti-classical school of economics, nor Robbins, the leader of the neo-classical school, ever had spoken, some Keynesian and neo-classicist economists—fortunately with little support at home but with encouragement from a few foreign observers—are urging us to follow the British example of 1931 and to act once more in a way that would destroy a payments system based on the fixed gold value of the world's leading currency. In doing so, they not only show that they have not learned from monetary history; they also impute to our generation even less wisdom than was shown in the interwar period.

The British Government in 1931, and the U.S. administration in 1933, can rightly be accused of underestimating the adverse international effects of the devaluation of the pound and the dollar. But at least they had some plausible domestic grounds for their actions. They were confronted with a degree of unemployment that has hardly ever been experienced either before or after. They were confronted with disastrously falling prices, which made all fixed-interest obligations an intolerable burden on domestic and international commerce. They were confronted with a decline in international liquidity, which seemed to make recovery impossible.

Neither Keynes nor Robbins have denied that, from a purely domestic point of view, there was some sense in devaluation. In the United States of 1933, one worker out of four was unemployed; industrial production was little more than half of normal; farm prices had fallen to less than half of their 1929 level; exports and imports stood at one-third of their 1929 value; capital issues had practically ceased. In such a situation, any remedy, however questionable, seemed better than inaction.

In the Britain of 1931, things were not quite as bleak as in the United States of 1933; but fundamentally, the economic problems were similar. Ever since 1925, the British economy had failed to grow, and by 1931, one out of five workers had become unemployed, exports—far more important for the British economy than for our own—had declined by nearly one-half, and most observers

believed that overvaluation of the British pound was largely responsible for all these ills. Can anybody in good faith find any similarity between our position of today and our position of 1933, or even the British position of 1931?

In 1931 and 1933, an increase in the price of gold was recommended in order to raise commodity prices. Today, a gold price increase is recommended as a means to provide the monetary support for world price stability. In 1931 and 1933, an increase in the price of gold was recommended in order to combat deflation; today it is recommended in effect as a means to combat inflation. In 1931 and 1933, an increase in the price of gold was recommended as a desperate cure for national ills regardless of its disintegrating effect on world commerce; today it is recommended as a means to improve integration of international trade and finance. Can there be worse confusion?

True, most advocates of an increase in the price of gold today would prefer action by some international agency or conference to unilateral action of individual countries. But no international agency or conference could prevent gold hoarders from getting windfall profits; could prevent those who hold a devalued currency from suffering corresponding losses; could prevent central banks from feeling defrauded if they had trusted in the repeated declarations of the President of the United States and of the spokesmen of U.S. monetary authorities and kept their reserves in dollars rather than in gold. To this day, the French, Belgian, and Netherlands central banks have not forgotten that the 1931 devaluation of sterling wiped out their capital; and much of the antagonism of those countries against the use of the dollar as an international reserve asset should be traced to the experience of 1931 rather than to anti-American feelings or mere adherence to outdated monetary theories.

But most importantly, no international agency or conference could prevent a sudden large increase in the gold price from having inflationary consequences for those countries that hoarded gold, and deflationary consequences for those that did not. And the gold-holding countries are precisely those whose economies are least in need of an inflationary stimulus since they are most prosperous—not prosperous because they are holding gold, but holding gold because they are prosperous; in contrast, those that do not hold gold are most in need of further expansion. Hence the inflationary and deflationary effects of an increase in the price of gold would be most inequitably and most uneconomically distributed among nations.

If we were to accept another sort of advice given by some experts, we might repeat not the mistakes of 1931-33 but those of earlier years. We are told that a repetition of the disaster of the great depression could be averted only, or at least best, by returning to the principles of the so-called classical gold standards. Not only should all settlements in international transactions between central banks be made in gold, but also the domestic monetary policy of central banks should be oriented exclusively to the payments balance, which means to changes in gold reserves. Whenever gold flows out, monetary policy should be tightened; whenever it flows in, it should be eased.

This is not the place to discuss whether this pure form of gold standard theory has ever been translated into practice. I doubt that any central bank has ever completely neglected domestic considerations in its monetary policy. And conversely, we do not need to adhere to an idealized version of the gold standard in order to agree that considerations of international payments balance need to play a large role in monetary policy decisions. But even strict adherence to gold

standard principles would not guarantee international payments equilibrium. As a great American economist, John H. Williams, put it in 1937:

"For capital movements, the gold standard is not a reliable corrective mechanism. * * * With capital the most volatile item in the balance of payments, it is apt to dominate and to nullify any corrective effects which might otherwise result from the gold standard process of adjustment. * * * It is surely not a coincidence that most booms and depressions, in the 19th century as well as in the 20th, had international capital movements as one of their most prominent features."

Even countries that advocate a return to gold standard practices do not practice what they preach. Gold reserves of some continental European countries have been rising strongly and continuously for many years, and according to the rules, these countries should follow a clearly expansionary policy. But in order to offset inflationary pressures, they have done exactly the opposite—and who is there to blame a country that wishes to assure domestic financial stability even at the expense of endangering equilibrium in international payments?

But obviously, if we permit one country to violate the rules of the gold standard in order to avert domestic inflation, we must also permit another country to violate those rules in order to avert domestic deflation and unemployment. In other words, we must agree that a country may be justified in avoiding or at least modifying a tightening of monetary policy even though its gold reserves are declining, if otherwise it were to risk precipitating or magnifying a business recession.

True, this deviation from gold-standard rules could be carried too far. Domestic developments might be taken as a pretext to avoid an unpopular monetary move, although the payments situation would seem to demand it and although the action would be unlikely to be damaging to the domestic economy. But the possibility of abuse and error is inherent in all human decision, and just as no sane observer would ascribe infallibility to the decisions of central bankers, neither should he ascribe infallibility to a set of rules. Few experts today would want to argue that it was right for the German Reichsbank in 1931, in the middle of the greatest depression that ever hit Germany, to follow the gold-standard rules by raising its discount rate to 7 percent merely in order to stem an outflow of gold; or that it was right for our own Federal Reserve to take similar restrictive action, for the same reason, in the fall of 1931.

And just as the success of monetary policy cannot be guaranteed by an abdication of discretion in favor of preconceived gold-standard rules, it cannot be guaranteed by following the advice of those who would shift the focus of policy from national agencies to an international institution. Surely, international cooperation should be encouraged and improved whenever possible. And the functions of the International Monetary Fund might well be enlarged so as to reinforce its ability to act as an international lender of last resort and as an arbiter of international good behavior.

But no institutional change can exclude the possibility of conflicts between national and international interests in specific circumstances. Moreover, there is no reason to believe that such conflicts would necessarily be resolved more wisely, more speedily, and with less rancor and dissent if they were fought out in the governing body of some supranational bank of issue rather than by discussion and negotiation among national authorities.

It is true that such discussion and negotiation may prove fruitless and that inconsistent decisions may be taken on the

national level. But similarly, lack of consensus within a supranational agency may result in a paralysis of its functions, and the effects of such paralysis could well be worse than those of inconsistent national actions.

If then we doubt the wisdom of the three most fashionable recent proposals—to increase the dollar price of gold, to return to pure gold-standard principles, or to delegate monetary policy to an international agency—what should be our position? And what is the outlook for solving present and future difficulties in international monetary relations, and thus for avoiding a repetition of the disasters of 1929-33?

In my judgment, it is less fruitful to look for institutional changes or for a semiautomatic mechanism that would guarantee perennial prosperity than to draw from interwar experience some simple lessons that could save us from repeating our worst mistakes.

First, most observers agree that to a large extent the disaster of 1929-33 was a consequence of maladjustments born of the boom of the twenties. Hence, we must continuously be on the alert to prevent a recurrence of maladjustments—even at the risk of being falsely accused of failing to realize the benefits of unbounded expansion. Actually, those of us who warn against speculative and inflationary dangers should return the charge: our common goals of maximum production, employment, and purchasing power can be realized only if we are willing and able to prevent orderly expansion from turning into disorderly boom.

Second, most observers agree that the severity of the great depression was largely due to the absence of prompt antirecession measures. In part, the necessary tools for this were not then available nor were their potentialities fully understood. Today it is easy to understand where observers went wrong 35 years ago. But it is less easy to avoid a repetition of the same mistake; we always prefer to believe what we want to be true rather than what we should know to be true. Here again, we need most of all eternal vigilance. But we must also be ready to admit errors in past judgments and forecasts, and have the courage to express dissenting even though unpopular views, and to advocate necessary remedies.

Third, and most importantly, most observers agree that the severity of the great depression was due largely to the lack of understanding of the international implications of national events and policies. Even today, we are more apt to judge and condemn the worldwide implications of nationalistic actions taken by others than to apply the same criteria to our own decisions.

Recognition of the close ties among the individual economies of the free world leads to recognition of the need to maintain freedom of international commerce. This means not only that we must avoid the direct controls of trade and exchange that were characteristic of the time of the great depression. It means also that we must avoid any impairment of the value and status of the dollar, which today acts—just as sterling did until its devaluation in 1931—as a universal means of international payment between central banks as well as among individual merchants, bankers, and investors.

If the dollar is to continue to play its role in international commerce, world confidence in its stability must be fully maintained; the world must be convinced that we are resolved to eliminate the long-persistent deficit in our balance of international payments. The measures taken in accordance with the President's program of February 10, 1965, have so far been highly successful. But some of these measures are of a temporary character, and these include the efforts of the financial community to restrain voluntarily the expansion of credit to foreigners. We should

not permit the initial success of these efforts to blind us against the need of permanent cure.

Some observers believe that our responsibility for maintaining the international function of the dollar puts an intolerably heavy burden on our monetary policy; that this responsibility prevents us from taking monetary measures which might be considered appropriate for solving domestic problems. I happen to disagree with that view. I believe that the interests of our national economy are in harmony with those of the international community. A stable dollar is, indeed, the keystone of international trade and finance; but it is also, in my judgment, the keystone of economic growth and prosperity at home.

Yet even if I were wrong in this judgment, and if, indeed, an occasion arose when we could preserve the international role of the dollar only at the expense of modifying our favored domestic policies—even then we would need to pay attention to the international repercussions of our actions. We must consider these international effects not because of devotion to the ideal of human brotherhood, not because we value the well-being of our neighbors more than our own. We must do so because any harm that would come to international commerce and hence to the rest of the world as a result of the displacement of the dollar would fall back on our own heads. In the present stage of economic development we could not preserve our own prosperity if the rest of the world were caught in the web of depression. Recognition of this interdependence gave rise to the Marshall plan—in my judgment the greatest achievement of our postwar economic policy.

It should not have taken the great depression to bring these simple truths home to us. Today, as we approach the goal of the Great Society—to make each of our citizens a self-reliant and productive member of a healthy and progressive economic system—we can disregard these truths even less than we could a generation ago. By heeding them instead, we will have a good chance to avoid another such disaster. If monetary history were to repeat itself, it would be nobody's fault but our own.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HICKENLOOPER. Mr. President, a point of order.

The PRESIDING OFFICER (Mr. MONROE in the chair). The Senator will state it.

Mr. HICKENLOOPER. I wonder if we could avoid conferences in front of the Vice President's rostrum so we can hear what is going on.

The PRESIDING OFFICER. Senators will please return to their seats.

The bill is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 22, between lines 20 and 21, it is proposed to insert the following new subsection:

(d) At the end thereof add the following new subsection:

"Sec. 649. Limitation on aggregate authorization for use in fiscal years 1966 and 1967.—Notwithstanding any other provision of this Act, the aggregate of the total amounts

authorized to be appropriated for use during each of the fiscal years 1966 and 1967 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,243,000,000 for each such year."

The PRESIDING OFFICER. How much time does the Senator from Oregon yield himself?

Mr. MORSE. Such time as I need, within my time limitation.

First, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, what this amendment does is to reduce the amount of money to be authorized by \$200 million from not only the figure sent to the floor by the Foreign Relations Committee but the figure modified by the additional \$89 million and the \$2 million that the Senate voted the other day. So it is a reduction of \$200 million.

Every argument I used in support of my other proposed cut this afternoon is equally applicable to this proposal.

One could take almost any one of the major Comptroller General's reports and find evidence of shocking waste in individual countries. This amendment would effect a saving of more than \$200 million.

In view of the figures we have been shown involved in the pipeline, plus the report of the Comptroller General's Office, showing great waste in the administration of the foreign aid program, it is almost impossible for me to believe that the Senate would not want to join me in saving \$200 million.

I rest my case.

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

This amendment is exactly the same as the other except as to the amount. The chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], has quite fully discussed the merits and demerits of the amendment, as has the Senator from Oregon. I see no need for protracted debate. Therefore, if the Senator will yield back his time, I will yield back my time.

Mr. MORSE. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

All time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. McGEE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Maryland [Mr. BREWSTER], the Senator from Nevada [Mr. CANNON], the Senator from Indiana [Mr. HARTKE], the Senator

from Maine [Mr. MUSKIE], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Tennessee would vote "nay."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Washington would vote "yea" and the Senator from Connecticut would vote "nay."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Oklahoma [Mr. HARRIS]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Oklahoma would vote "nay."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Ohio [Mr. LAUSCHE]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Ohio would vote "nay."

Mr. KUCHEL. I announce that the Senator from Nebraska [Mr. CURTIS], the Senator from Hawaii [Mr. FONG], and the Senator from Kansas [Mr. PEARSON] are absent on official business.

The Senator from Colorado [Mr. DOMINICK] and the Senator from California [Mr. MURPHY] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is detained on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK] and the Senator from California [Mr. MURPHY] would each vote "yea."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Hawaii [Mr. FONG]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Hawaii would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 40, nays 35, as follows:

[No. 121 Leg.]

YEAS—40

Aiken	Hill	Ribicoff
Allott	Holland	Russell, S.C.
Bartlett	Hruska	Simpson
Bible	Jackson	Stennis
Boggs	Jordan, N.C.	Symington
Burdick	Jordan, Idaho	Thurmond
Carlson	McIntyre	Tower
Church	Miller	Tydings
Cooper	Morse	Williams, Del.
Cotton	Mundt	Yarborough
Eastland	Nelson	Young, N. Dak.
Ellender	Prouty	Young, Ohio
Ervin	Proxmire	
Gruening	Randolph	

NAYS—35

Anderson	Inouye	Monroney
Bayh	Javits	Montoya
Bennett	Kennedy, Mass.	Morton
Byrd, W. Va.	Kennedy, N.Y.	Moss
Case	Kuchel	Pastore
Clark	Long, La.	Pell
Dirksen	Mansfield	Saltonstall
Douglas	McCarthy	Smathers
Fannin	McGovern	Smith
Fulbright	McNamara	Sparkman
Hart	Metcalf	Williams, N.J.
Hickenlooper	Mondale	

NOT VOTING—25

Bass	Harris	Muskie
Brewster	Hartke	Neuberger
Byrd, Va.	Hayden	Pearson
Cannon	Lausche	Robertson
Curtis	Long, Mo.	Russell, Ga.
Dodd	Magnuson	Scott
Dominick	McClellan	Talmadge
Fong	McGee	
Gore	Murphy	

So Mr. MORSE's amendment was agreed to.

Mr. MORSE. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. HOLLAND. I move that the motion to reconsider be laid on the table. The motion to lay on the table was agreed to.

Mr. McGOVERN. Mr. President—
The PRESIDING OFFICER (Mr. MONTROYA in the chair). The Senator from South Dakota is recognized.

Mr. McGOVERN. Mr. President, I have an amendment at the desk on behalf of myself, the Senator from Missouri [Mr. SYMINGTON], the Senator from Wisconsin [Mr. NELSON], and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 11, after line 2, insert the following:

CHAPTER 6—FOOD AND NUTRITION ASSISTANCE

SEC. 110. The sum of \$50,000,000 annually is authorized to be appropriated to provide (a) \$15,000,000 for protein supplements and fortification of foods, and (b) \$35,000,000, for the purchase of domestically produced beef, poultry and other meats and meat products, dairy products, fish and fish products, rice and other high protein foods, in adequate supply in the United States, for donation to school lunch and similar programs in foreign countries eligible for assistance under this Act.

Mr. McGOVERN. Mr. President, I shall take only a few moments to explain the amendment. Before I do so, however, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McGOVERN. Mr. President, I ask unanimous consent to have added as cosponsors of the amendment the two Senators from Minnesota [Mr. MONDALE and Mr. McCARTHY], the Senator from New York [Mr. KENNEDY], the Senator from Michigan [Mr. HART], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from Connecticut [Mr. RIBICOFF].

Mr. DIRKSEN. Mr. President, I am wondering whether the amendment of the Senator from South Dakota is germane to the bill. We made exceptions for only two amendments, and I do not believe that his is one of them.

Mr. McGOVERN. Mr. President, my amendment relates to the condition of high protein foods to our overseas school lunch programs, and I believe that it relates to the general subject matter of the pending bill.

Mr. DIRKSEN. Mr. President, I will reserve the point.

Mr. SYMINGTON. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I yield.

Mr. SYMINGTON. Let me say to the able minority leader that the Senator

from South Dakota offered this same amendment last year in the foreign aid bill, and it was accepted by the Senate.

Mr. DIRKSEN. That does not make it germane, however.

Mr. SYMINGTON. I thought perhaps it would soften the objection of my good friend from Illinois.

Mr. DIRKSEN. It would be in a moment of generosity to let it go over, or to overlook it.

Mr. McGOVERN. Mr. President, my amendment is the same amendment which was adopted by the Senate last year in its deliberations on the foreign assistance bill.

The amendment would add authorizations for the expenditure of \$50 million for the purchase of high protein foods which can be utilized in our overseas school lunch programs, and in other food programs of that kind.

At the present time, the United States is feeding some 40 million school children—boys and girls—every day in school lunch programs in approximately 80 countries.

Mr. KENNEDY of New York. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from South Dakota may proceed.

Mr. McGOVERN. I do not believe there is any single part of our overseas aid program which has returned greater dividends than the overseas school lunch efforts. The great limitation in the program to date has been in the shortage of high protein foods. We have ample supplies of cereals in our food for peace operations, and in our overseas aid programs, but there has been a critical shortage of bodybuilding foods such as beef, poultry, meat, dairy products, fish and fish products, rice, and other commodities of that kind which are included in the terms of my amendment.

Consequently, while the school lunch programs have been effective, they could be considerably more effective with the expenditure of this modest sum of money to purchase the high protein items which are available in this country and which could be made a part of our overseas school lunch effort.

Let me say again that last year the Senate adopted this amendment—

Mr. SYMINGTON. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from South Dakota may proceed.

Mr. McGOVERN. Mr. President, last year we adopted a similar amendment without any controversy. It was lost in conference. We are hopeful, on the basis of a strong showing on the yeas-and-nays vote, that the Senate conferees will be able to retain it this year in the subsequent conference.

Therefore, I strongly urge the adoption of the amendment.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. ERVIN. Would the Senator's

amendment increase the authorization of the amount to be appropriated by \$50 million?

Mr. McGOVERN. Yes. It would have the effect of increasing the total authorization by \$50 million. The funds would be expended in this country for the purchase of farm commodities which we have in great excess. The Senator knows that while there is a great humanitarian motive behind the amendment, it would also be of great value to our farm producers.

Mr. SYMINGTON. Mr. President, I shall be brief, and would associate myself with all that has been said by the distinguished Senator from South Dakota, a true expert in the field of agriculture. Anyone who is worried about the balance-of-payments problem, based on where beef purchases abroad are normally made, or anyone interested in the disposal of surplus agricultural products—aside from the appealing humanitarian aspects of the bill—would be in favor of the amendment.

Mr. BARTLETT. Mr. President, I intend to vote for the amendment of the Senator from South Dakota. It seems to me that the adoption of the amendment would serve humanitarian purposes as well as several other objectives.

I recall that approximately 2 years ago, with the acquiescence of the committee, fish was added to the food for peace program, and is now a part of the Foreign Aid Act. Fish furnishes protein that is badly needed in many places, in a highly concentrated form.

Regrettably there has been no implementation of that addition to the foreign aid law for reasons that are completely beyond me. The Bureau of the Budget has refused adamantly to make the amendment effective.

I recall that last year the Senator from Alabama and I engaged in a discussion on the floor on this subject, and he expressed, on behalf of the committee, the very strong hope that the Bureau of the Budget would clear away the barriers which have stood in the way of implementing the program and to make it effective.

This has not been done yet. I hope that soon it will be. In the meantime, because I believe that this is a very desirable and useful proposal in every way, I renew my assurance to the Senator from South Dakota that I shall vote for his amendment.

Mr. RIBICOFF. Mr. President, I commend the Senator from South Dakota, and I support him. I invite the attention of Senators to the fact that yesterday I introduced a bill of which the Senator from South Dakota is a cosponsor. It would do something for the hungry children of the United States.

At the present time our school lunch program is in effect for 9 months of the year. However, the children are hungry during the 3 months when the schools are in recess, as well as when the schools are in session. Approximately 1,600,000 youngsters get free lunch programs in the schools of our Nation for 9 months, but do not get them during the summer months.

Therefore, while we are voting \$50 million for this program, it should be remembered that for a great deal less we can do something for our own youngsters, and it would, therefore, be my hope that Senators who give consideration to the amendment will also give consideration to my proposal. While we make this food available for children overseas, we should also do something for the youngsters in our own country. We can supply this additional free lunch program through recreational areas and day camps in the United States. I hope that I shall have the support of the Senator, and that other Senators and the Committee on Agriculture will give consideration to my proposal to feed the poor children in the United States as well as the children abroad.

Mr. McGOVERN. I commend the Senator for the initiative he displayed yesterday in trying to extend our school lunch program to 12 months of the year. There is a provision in the existing law to the effect that no food can be offered overseas under any of these programs until we have met all requests at home for domestic requirements. Therefore, in addition to being on sound legal grounds, the Senator is on sound moral grounds in wanting to take care of our youngsters at home. I agree that we should take care of them on a priority basis. I am happy to join him in that effort.

Mr. RIBICOFF. It is not a question of a condition. We have so much food that we cannot only feed our youngsters here at home, but also do something for those who are engaged in agriculture.

Mr. McGOVERN. I believe that anyone who is concerned about the long-range human development recognizes that protein shortages, particularly in the case of young children, do irreparable damage, both physically and mentally. Once that takes place, there is nothing that can be done to restore the youngsters to a normal mental and physical condition. They are permanently injured, and frequently must depend on aid from other sources. The school lunch programs, with balanced diets, in my opinion, will do more to strengthen the developing countries and the underdeveloped youngsters at home than anything else that we can do. It has the additional merit of doing something of value to our own farm producers here in the United States.

Therefore, I hope that the amendment will be adopted. I hope that the bill introduced by the Senator from Connecticut will be approved.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. GRUENING. Would the \$50 million be in addition to the sum now authorized in the bill?

Mr. McGOVERN. Yes; it would be an addition.

Mr. GRUENING. I believe this is a very worthy project. I shall support it.

Mr. McGOVERN. I thank the Senator from Alaska.

Mr. AIKEN. I yield myself some time on the bill.

The Senator from South Dakota is making a worthy proposal, but he is making it at the wrong time and at the wrong place. The State Department is not in the least qualified to determine whether we have a surplus of a particular food, an adequate supply, or a shortage. This proposal would leave that determination to the wrong department. It should be left to the Department of Agriculture to determine the quantities of the various kinds of food that we have in this country, not to the State Department.

If the Senator from South Dakota were to make his proposal as an amendment to Public Law 480, when that comes before the Senate again, it would certainly have some merit and would be worthy of our consideration. However, it is unthinkable to leave it to the State Department to determine what is an adequate amount of food of each kind for our own requirements in this country.

Mr. SYMINGTON. If the Senator will yield. We do not leave the amount to the State Department. The Congress stipulates \$50 million for excess foods surplus in the United States, to be used abroad.

Mr. AIKEN. I am not thinking of the \$50 million. I am thinking of transferring the work of the Department of Agriculture to the State Department.

Mr. SYMINGTON. The amendment states \$50 million set by the Congress; and it would all be surplus agricultural products.

Mr. AIKEN. The amendment would permit the State Department to buy foods which are in adequate supply in this country. It would, as I read the amendment, give to the State Department authority to determine what foods are in adequate supply. I am sorry that no copies of the amendment are available to Senators, but I have been to the desk twice to read the amendment. As I read it, the State Department would determine what foods are in adequate supply. I realize that they would have good intentions. Perhaps, as the Senator from Connecticut has said, their intentions might be too good. We do not wish to take a chance. For example, we have been running into a shortage of powdered milk for the school lunch program. We have been running into a shortage of butter for the school lunch program. The shortage has been such that, since the 16th of March to the 2d of June, five carloads of oleomargarine have been shipped into the State of Vermont—at a time when we have been producing a surplus of butter in the State. I do not like that at all. The State Department might say that butter is needed for foreign countries. The Senator from Arkansas is happy about that movement of oleomargarine.

Mr. FULBRIGHT. It is good for people; it makes them strong and healthy.

Mr. AIKEN. The State Department is not qualified in any way to make a decision as to what foods are in adequate or surplus supply. We do not wish to take any steps that will remove the handling of Public Law 480 from the Department of Agriculture and turn it over to some

agency that is so unqualified as is the State Department.

Mr. McGOVERN. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. McGOVERN. Would the Senator find the amendment more acceptable if we could obtain unanimous consent to add the words "adequate supply as determined in consultation with the Department of Agriculture?"

Mr. AIKEN. That language would certainly improve the amendment a great deal. But I would dislike to take the step of transferring to the State Department the task of determining surplus foods or foods said to be in adequate supply from the Department of Agriculture. I had thought of the wording which the Senator from South Dakota has suggested. It would certainly improve the amendment.

Mr. McGOVERN. Mr. President, if the Senator will yield further—

Mr. AIKEN. I yield.

Mr. McGOVERN. I ask unanimous consent that the amendment be modified to read, after the words "in adequate supply," "in consultation with the Secretary of Agriculture."

Mr. AIKEN. I would rather that the words be "as agreed to by the Secretary of Agriculture." "The words "in consultation" are bad words. I do not like them at all.

Mr. McGOVERN. I would accept the language proposed by the Senator from Vermont.

Mr. AIKEN. I am not proposing any language.

Mr. McGOVERN. I propose that the amendment be so modified. I had assumed that even with the existing language no foreign aid administrator would try to determine whether a commodity was in adequate supply without a conference with the Secretary of Agriculture. But I believe the language I have stated should be added if it would give further reassurance.

Mr. AIKEN. The proposal would modify the amendment, but I do not like the idea of giving authority to the State Department to do something after consultation with the Department of Agriculture, because such action would give the State Department the whip hand, and that Department should not have it when it comes to the handling of the food commodities of our country.

The PRESIDING OFFICER. Is there objection to the modification?

Mr. HOLLAND. Mr. President, reserving the right to object, I should like to ask the Senator from Arkansas [Mr. FULBRIGHT] how much time I may have.

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Florida.

Mr. HOLLAND. I shall not object, because I wish the amendment to have whatever form the Senator from South Dakota desires it to have. But I strongly protest against the adoption of the amendment. The committee of which I happen to be a longtime member, though not the chairman—and I speak only because the chairman does not happen to be on the floor of the Senate—has jurisdiction over the school lunch program

and the special school milk program, both of which are involved in the particular question under discussion. The committee of which I happen to be the chairman, the Subcommittee on Appropriations, has jurisdiction over appropriations related to those programs. We have just completed long and exhaustive hearings. We have not yet marked up the bill. We would never think of giving any jurisdiction of either of those programs to the Department of State. A long time ago we attempted it under Public Law 480. I shall cite a specific example. The question involved was rice for Japan. Serious trouble arose because of objections that the Department of State made to the completion of the contract for the supply of rice to Japan. There was a long continuing conflict which blocked the operation of Public Law 480 for a good long time.

I served on the committee which evolved Public Law 480 and on the conference committee which worked out the final form of the law. The amendment would go far to destroy the framework of Public Law 480 and the policy established by that law. I hope that the Senator will not insist upon enlarging the foreign aid program by an additional \$50 million to put into it something which in effect would amend Public Law 480, delivering a most important program, which is a part of the Public Law 480 program, to the Department of State or one of its agencies—AID—for administration.

I have already said that I shall not object to the request of the distinguished Senator for a modification of his amendment, a modification which would permit the Department of Agriculture to come in as an adviser. That is a very different thing from having a program, as in every other feature of Public Law 480, and all the things in connection with it, as well as the school lunch program and the school milk program, a part of the agricultural program of this Nation.

I do not believe that this is the right time, the right place or the right bill for the injection of such an amendment. For that reason I strongly protest against the addition of the amendment to the bill on the floor of the Senate, an amendment which in effect, whether so worded or not, would amend Public Law 480, which has proved highly desirable in many of its aspects, and in which we have carefully provided for the jurisdiction of the Department of Agriculture—and it has a controlling jurisdiction in many fields—would limit its position under the jurisdiction of the Department of State.

I hope that the amendment will be defeated. I withdraw my objection to the amendment requested by the Senator from South Dakota.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota to modify his amendment?

Mr. COTTON. Mr. President, reserving the right to object, I should like to make a parliamentary inquiry.

The PRESIDING OFFICER. Who yields time for that purpose?

Mr. DIRKSEN. Mr. President, under the bill I yield 2 minutes or 3 minutes, whichever the Senator desires.

Mr. COTTON. Mr. President, I do not desire 3 minutes. I require only a half minute.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for one-half minute.

The Senator will state his inquiry.

Mr. COTTON. I should like to know what is being requested. After prolonged colloquy, the distinguished Senator from South Dakota asked unanimous consent to insert language into the amendment. What language is proposed to be inserted in the amendment?

The PRESIDING OFFICER. The words "as agreed to by the Secretary of Agriculture." That is the requested modification of the amendment.

Mr. COTTON. I thank the Chair. I withdraw the reservation of objection.

The PRESIDING OFFICER. Is there objection to the proposed modification of the amendment of the Senator from South Dakota? There being no objection, the modification is agreed to.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield 1 minute to me?

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from Delaware under the bill.

Mr. WILLIAMS of Delaware. I have been reading the amendment. It does not seem to me that it is germane to the bill which is now before the Senate. I make the point of order that the amendment is not in order.

The PRESIDING OFFICER. The Senator will explain his position on the germaneness of the amendment.

Mr. WILLIAMS of Delaware. I believe that the Chair will find that under the unanimous-consent agreement the amendment must be germane. I do not recall anything in the bill dealing with this particular subject. That is the reason I make the point of order that the amendment is not germane to the bill.

The PRESIDING OFFICER. Does the Senator from South Dakota wish to be heard on the point of order?

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield.

Mr. MANSFIELD. I should like to be heard, not so much on the point of order, but to point out that yesterday when unanimous consent was agreed to, two exceptions were made for the distinguished Senator from New York [Mr. JAVITS], and I would hope that that agreement will be taken into consideration at this late moment.

Of course, if we had known about it yesterday, we could have made an exception; but we did not know about it at that time.

The PRESIDING OFFICER. Does the Senator from Delaware insist upon his point of order?

Mr. WILLIAMS of Delaware. Yes.

Mr. McGOVERN. Mr. President, I should like to be heard. I cannot think of anything that comes more squarely within the field of foreign assistance than help for hungry children in underdeveloped countries, and of making available urgently needed food for undernourished children overseas. If that is

not germane to the purposes of the bill, then I fail to understand the meaning of foreign aid.

I believe the amendment comes squarely within the context of the overall purpose of the proposed legislation. It makes a contribution to the development of human beings, which is the ultimate resource and is the most important resource in any country.

If we are truly interested in helping countries to get on their feet and move ahead, we ought to support the kind of language contained in my amendment. I believe it is entirely germane to the purpose of the bill.

Mr. WILLIAMS of Delaware. Mr. President, I do not question the intent of the amendment. It has merit. But it should be considered by the committee. It was not before the committee. It contemplates an entirely new program which has had no consideration whatsoever. It relates to a subject that has not been dealt with in the bill.

The PRESIDING OFFICER (Mr. MONTROYA in the chair). The Chair is ready to rule.

In view of the unanimous-consent agreement requiring that no amendment that is not germane to the provisions of the bill shall be received, except the two amendments to be offered by the Senator from New York [Mr. JAVITS]; and in view of the further fact that the bill under consideration is S. 1837, the title of which is "To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes," including its different parts and chapters—chapter 1—Policy; chapter 2—Development Assistance, title 1 of which relates to the Development Loan Fund; title 2, to Technical Cooperation and Development Grants; and title 3, to Investment Guaranties; chapter 3—International Organizations and Programs; chapter 4—Supporting Assistance; chapter 5—Contingency Fund; part II, chapter 2—Military Assistance; part III, chapter 1—General Provisions, which does not encompass any of the subject matter of the amendment; chapter 2—Administrative Provisions; chapter 3—Miscellaneous Provisions; part IV, Programs for Fiscal Years Beginning After June 30, 1967, including Termination of Existing Programs and Proposals for Future Programs, none of which relates to any subject closely akin to the subject of the amendment—the Chair is compelled to rule, reluctantly, that the point of order is well taken.

Mr. AIKEN. Mr. President, I wish to make it clear that I do not oppose the purpose of the amendment of the Senator from South Dakota [Mr. McGOVERN]. It is meritorious. However, I oppose the transfer of the distribution and handling of food products in this country from the Department of Agriculture to the Department of State. In my opinion, the Department of State is completely unqualified to carry on this work. Public Law 480 is administered by the Department of Agriculture. I believe it has done an effective job. I am not in a mood to agree to the transfer of the administration of that act to the Department of State, because it does not have

the personnel or any other qualification that is required to do this work.

The PRESIDING OFFICER. The Chair has already ruled on the amendment.

Mr. MANSFIELD. Mr. President, I am about to appeal from the ruling of the Chair.

Mr. HOLLAND. Mr. President, will the Senator from Montana yield before he makes his appeal? I should like to make a statement that may have a bearing on what the Senator is about to say.

Mr. MANSFIELD. I yield.

Mr. HOLLAND. Mr. President, I have conferred with the Senator from South Dakota. I have no understanding with him at all, but I give to him this assurance. Although the Senator from Louisiana [Mr. ELLENDER], chairman of the Committee on Agriculture and Forestry, is not in the Chamber, but since I am the chairman of the subcommittee which would consider such proposed legislation, I have told the Senator from South Dakota that if he will offer his proposal as an amendment to Public Law 480, I will assure him of an early hearing so far as the Senate committee is concerned. I feel certain that the Senator from Louisiana will stand back of my assurance given on the floor of the Senate.

I hope that the regular way of handling this proposal will appeal to the distinguished Senator from South Dakota as being the preferable manner, rather than to try to force the amendment into this bill in such a way as to be, in effect, an amendment of Public Law 480. I do not believe such an amendment would be proper in a bill of this kind because it has not been considered by the appropriate legislative committee.

I thank the majority leader for yielding time to me.

Mr. FULBRIGHT. Mr. President, I yield myself 1 minute. I very much favor the amendment. Last year I took a similar amendment to conference, it was impossible to hold the amendment in conference.

I think it is a fine amendment. I would hope that the Committee on Agriculture and Forestry would consider and favorably report such an amendment. It is entirely appropriate and ought to be included in Public Law 480.

I would have been glad to handle this kind of amendment, and I had hoped the Senate might be able to approve it. But in view of the Chair's ruling sustaining the point of order, I assume that the Senate would not approve the amendment at this time.

Mr. HOLLAND. Mr. President, I observe in the Chamber the ranking minority member of the Committee on Appropriations. He is also the ranking member of the subcommittee to which I have referred. I am sure that he, too, would cooperate in arranging an early hearing if the amendment were offered in the form I have suggested.

Mr. MANSFIELD. Mr. President, I had considered appealing from the ruling of the Chair, not because I disagreed with what the Chair had ruled—he is on solid ground; not because I disagree with the objective of the distinguished Senator

from South Dakota, because I agree with him 100 percent; not because I disagree with what the senior Republican in this body said as to where the responsibility for the disposition of surplus products should lie, whether in the Department of State or the Department of Agriculture. I think it should be in the Department of Agriculture, so there is no argument in that respect.

I would hope, on the basis of assurances made, that the distinguished Senator from South Dakota would consider the possibilities of having his worthwhile proposal attached to Public Law 480 when it comes before the Senate. I think that on the basis of the case he has made, he could expect, without doubt, support from both sides of the aisle, because most of the statements made were not against the idea advanced, but against the peculiar and particular circumstances in which it was encased.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. AIKEN. Mr. President, in my opinion, it will not be necessary, for the Senator from South Dakota to wait until Public Law 480 expires next year in order to make his proposal. The Committee on Agriculture and Forestry will start hearings next Wednesday on general agricultural legislation. The hearings will probably continue for 2 weeks. There is no reason why the Senator from South Dakota cannot make his proposal before the Committee on Agriculture and Forestry, of which he is a member. I am sure that some of us, at least, will give his proposal a sympathetic hearing.

I do not want to start the business of transferring agricultural work and the disposal of agricultural commodities to the tender mercies of the Department of State. Perhaps that Department is good intentioned; but I feel certain that it lacks the qualifications which the Department of Agriculture has.

Mr. McGOVERN. Mr. President, I appreciate the assurances of counsel for the majority leader and the distinguished Senator from Vermont [Mr. AIKEN]. I also appreciate the consideration of the Senator from Florida [Mr. HOLLAND] with regard to his indication that early consideration can be given to the proposal. I appreciate, further, the consideration of the Senator from Arkansas [Mr. FULBRIGHT]. I am sure that my cosponsors will agree that, in view of the peculiar parliamentary limitations that we are facing, we should not appeal the ruling of the Chair. We shall proceed to secure consideration through other channels.

The PRESIDING OFFICER. The bill is open to further amendment.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, there will be no further action taken on amendments tonight.

It is the hope of the leadership that it will be possible to complete consideration of this measure on Monday, and, if it is at all possible and means staying a little late, I would advise Senators to be prepared for such a possibility.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it stand in adjournment until 12 o'clock noon Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSTRUCTION OF CERTAIN SCHOOL FACILITIES FOR CHILDREN IN PUERTO RICO, WAKE ISLAND, GUAM, OR THE VIRGIN ISLANDS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business (S. 1837) be laid temporarily aside and that the Senate proceed to the consideration of Calendar No. 298, H.R. 5874.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 5874) to amend Public Law 815, 81st Congress, with respect to the construction of school facilities for children in Puerto Rico, Wake Island, Guam, or the Virgin Islands for whom local educational agencies are unable to provide education.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Labor and Public Welfare with amendments on page 2, after line 11, to insert a new section, as follows:

SEC. 2. The fourth sentence of section 6(a) of the Act of September 30, 1950, as amended (20 U.S.C. 241 (a)) is amended to read as follows: "For the purpose of providing such comparable education, personnel may be employed and the compensation, tenure, leave, hours of work, and other incidents of the employment relationship may be fixed without regard to the Civil Service Act and rules (5 U.S.C. 631 et seq.) and the following: (1) the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.); (2) the Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061 et seq.); (3) the Federal Employees' Pay Act of 1945, as amended (5 U.S.C. 901 et seq.); (4) the Veterans' Preference Act of 1944, as amended (5 U.S.C. 851 et seq.); and (5) the Performance Rating Act of 1950, as amended (5 U.S.C. 2001 et seq.)."

And, on page 3, after line 2, to insert a new section, as follows:

SEC. 3. The last sentence of section 203(a)(2) of the Act of September 30, 1950, as amended, is repealed.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An Act to amend Public Law 815, Eighty-first Congress, with respect to the construction of school facilities for children in Puerto Rico, Wake Island, Guam, or the Virgin Islands for whom local educational agencies are unable to provide education, to amend section 6(a) of Public Law 874, Eighty-first Congress, relat-

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

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Issued

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For actions of

June 14, 1965

89th-1st; No. 107

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HIGHLIGHTS: Senate passed foreign aid authorization bill. Senate debated International Wheat Agreement. Senate committee reported bill to expand salt-water research. House received conference report on Interior appropriation bill. House Rules Committee cleared housing bill. House Rules Committee cleared revised disaster relief bill. House committee voted to report bill to provide diversion payments on acreage affected by disaster.

SENATE

1. FOREIGN AID. Passed, 68-20, with amendments H. R. 7750, the foreign aid authorization bill. Senate conferees were appointed. pp. 12989, 13008-40, 13043-67
2. WHEAT. Began debate on ratification of protocol extending the International Wheat Agreement for 1 year. pp. 13069-70
3. WATER RESEARCH. The Interior and Insular Affairs Committee reported without amendment S. 24, to expand, extend, and accelerate the saline water conversion program conducted by the Interior Department (S. Rept. 319). p. 12957
4. EXCISE TAXES. The Finance Committee reported with amendments H. R. 8371, to reduce or repeal certain excise taxes (S. Rept. 324). p. 12957
5. ELECTRIFICATION. Received from REA a report on approval of a loan to the Lower

Colorado River Authority, Tex. p. 12957

6. SOIL CONSERVATION; APPROPRIATIONS. Received a N. C. legislature resolution opposing proposed reductions in soil-conservation appropriations. pp. 12974-5
7. LEGISLATIVE PROGRAM. Sen. Mansfield stated that it is planned to complete action on the International Wheat Agreement today, followed by the excise tax bill, the debt limit bill, and the cigarette labeling bill. p. 13040

HOUSE

8. INTERIOR AND RELATED AGENCIES APPROPRIATION ACT, 1966. Conferees filed a report on this bill, H. R. 6767, (H. Rept. 513). (pp. 1291-14). At the end of this Digest is a table showing the action of the conferees on Forest Service items. The conferees also provided an allocation of \$17,300,000 to the Forest Service from the Land and Water Conservation Fund instead of \$12,000,000 as proposed by the House and \$19,785,150 as proposed by the Senate.
9. HOUSING; URBAN DEVELOPMENT. The Rules Committee reported a resolution for the consideration of H. R. 6927, to establish a Department of Housing and Urban Development. p. 12914
Rep. Patman commended and inserted an article, "Small Communities--Getting Many Federal Aids as Part of Urban Development." pp. 12928-30
10. DISASTER RELIEF. The Rules Committee reported a resolution for the consideration of S. 2089, the revised disaster relief bill. pp. 12914-5
11. FEED GRAINS. The Agriculture Committee voted to report (but did not actually report) H. R. 8620, to take into consideration floods and other natural disasters in reference to the feed grains, cotton, and wheat programs for 1965.
Rep. Michel spoke in opposition to H. R. 8629, to amend the provisions of the wheat program authorized in the Agricultural Act of 1964, which he stated "would injure Illinois industry and Illinois farmers by subsidizing wheat for industrial uses at the expense of corn." pp. 12948-9
12. WATER POLLUTION. Rep. Kunkel urged action on the proposed Water Quality Act of 1965. p. 12926
13. WILDERNESS. Rep. Olsen, Mont., inserted a newspaper article discussing the controversy over the classification of the Selway-Bitterroot area as a wilderness area. pp. 12961-2
14. WILDLIFE. Received from Interior a proposed bill to provide for the conservation, protection, and propagation of native species of fish and wildlife, including migratory birds, that are threatened with extinction, and to consolidate the authorities relating to the administration by the Secretary of the Interior of the national wildlife refuge system; to Merchant Marine and Fisheries Committee. p. 12954
15. TARIFFS. Received an Ariz. Legislature memorial "opposing the passage of H. R. 8147 relating to reducing the existing tariff schedules." p. 12955
16. EXTENSION WORK. Received an Hawaii Legislature memorial "requesting that the Morrill Act be amended so as to enable States to invest their grants in corporate equities." p. 12955

iram W. Berg if "you would like to keep people who are ignorant in the service so they won't be lured outside by going to college?"

Replied General Berg, Deputy Assistant Defense Secretary for Manpower: "I don't see how we would be in a position to support anything the net effect of which is going to cause people to leave the service."

Senator YARBOROUGH explains that unlike the original two GI bills, the legislative language in S. 9 makes it possible for a military man to reenlist, stay in service for years and remain eligible for increasing veterans' benefits.

"Is it going to be an incentive to stay in, rather than an incentive to get out," says Senator YARBOROUGH of his bill. "It is not a bonus. There is no mustering out pay in this bill as in the GI bill of World War II."

Last year the Budget Bureau estimated the cold war GI bill would take \$298 million annually for the Federal Government to operate.

The estimated annual cost now is up to \$326 million. The Johnson administration believes there would not be enough return on that kind of outlay.

But Senator LEE METCALF, Democrat, of Montana, contends that World War II veterans educated under the original GI bill, enacted 21 years ago this month, are contributing "an extra \$1 billion in Federal taxes each year due to increased earning power, gained through added education."

The Federal cost of the original bill will have been "paid back in full by 1970" in taxes by World War II vets, estimates Senator METCALF.

A lot of objections to S. 9 have been voiced by the VA, including the existence of high inservice educational advantages for today's military men and more favorable conditions awaiting him when he is discharged.

But Senator YARBOROUGH argues that "our cold war veterans are often lucky to get any jobs at all, and it is the Government itself which seems to block their path."

"In 1963 alone, more than 210,000 veterans received unemployment compensation in excess of \$96 million—which was \$2 million over the figure for 1962."

"The bill we have proposed aims to train today's veterans so that they can stay off the unemployment rolls."

[From the El Paso Herald-Post, June 4, 1965]
GI AID WHERE DO YOU STOP?

(By Seth Kantor)

WASHINGTON.—Senator RALPH W. YARBOROUGH, Democrat, of Texas, reflecting on his life as an officer in Europe in the waning days of World War II, said he knew of a U.S. Army replacement "who wore a glass eye" in the combat zone. "We were scraping the bottom of the manpower barrel," said the senior Texas Senator. "We were taking men who were mentally weak and physically weak. They don't do that any more."

Last winter, Senator YARBOROUGH toured military bases at Okinawa, Korea, and Japan. He said:

"Those men know what is happening to them. If you have enough money to go to school, you don't have to serve your country in the armed services. If you are too poor to go to college, you are the ones that go out on the front and defend liberty for everybody."

Veterans' Administration figures show that college tuitions have jumped 72 percent since 1948, making it that much tougher for bright but financially strapped young men to get to college.

The second and last of the Nation's two GI bills expired in 1955. Senator YARBOROUGH has been struggling since 1959, when he became chairman of the Senate Veterans' Affairs Subcommittee, to get a new GI bill passed into law.

Senator YARBOROUGH says the cold war GI bill is a lot tighter now than it was." For instance, a man would have to serve at least 180 days in the Armed Forces to be eligible for educational rights or a house-buying loan under terms of the Yarbrough bill.

The Yarbrough bill passed the Senate in the 87th Congress but died in the House where Representative OLIN E. TEAGUE, Democrat, of Texas, author of the Korean War GI bill, traditionally has opposed a similar package to peacetime veterans.

In the 88th Congress, the Yarbrough bill never got to the Senate floor. "It was blocked by the leadership, acting in behalf of the White House," YARBOROUGH contends.

This year, the Johnson administration still opposes the bill which has graduated from committee as S. 9 and awaits Senate floor action. But S. 9 might wind up with administration backing after all because, as Senator YARBOROUGH puts it.

"The Republicans are pushing their timid little substitute to block my bill."

He is referring to S. 520, brought out by Senator LEVERETT SALTONSTALL, Republican, of Massachusetts. The Saltonstall bill and a handful like it from other GOP sources seek benefits only for veterans who have served overseas where "warlike conditions exist."

The Republican move has led House Chairman TEAGUE to advise President Johnson that the Teague committee "intends to hold hearings now" on S. 9, along with S. 520 and any other GI bill ideas.

"It would be idiotic to withhold veterans' benefits from Vietnam participants," said Chairman TEAGUE. "But where do we draw the line? There have been scores of fronts and potential fronts in the years of the cold war."

S. 9 would allow up to 36 months of educational funds for a veteran, providing him with a monthly cash allowance—\$110 for a single man and up to \$165 for a married man with two children—from which he pays his tuition and maintenance expenses at the school of his choice.

Backers of S. 9 say that the average draftee loses 2½ years from "the mainstream of American life," and it has become fashionable for Senators in support of S. 9 to quote a poem once stated by a onetime member of the Yarbrough subcommittee.

The poem reportedly came from a sentry box at Gibraltar:

"God and the soldier all men adore
In time of trouble and time of war,
But when war is over and all things righted,
God is neglected and the old soldier slighted."

And the onetime member of the Yarbrough subcommittee who stated it was John F. Kennedy.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, the time to be taken out of the time allocated to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, will the Senator yield 6 minutes to me?

Mr. MANSFIELD. Mr. President, I yield 6 minutes to the Senator from New York under the bill.

Mr. JAVITS. I am grateful to the majority leader for accommodating me in this way.

The PRESIDING OFFICER. The Senator from New York is recognized for 6 minutes.

PROPOSED LABOR LEGISLATION

Mr. JAVITS. Mr. President, the President's labor message to Congress has generated a good deal of reexamination of our labor laws because in calling for repeal of section 14(b) of the National Labor Relations Act—an action which I support—it has also refocused public attention on the problems which arise from the addition to union authority which repeal of 14(b) represents and the need for adequate regulation to insure that that power is exercised democratically and in the public interest.

I have long been on record against proposals which seek to abolish or diminish labor's right to self-organization and collective action. Unions have been largely a force for good in our society. But no objective person can fail to recognize the need for keeping union responsibility abreast of union authority.

I am therefore submitting today a series of proposed amendments to our labor laws which would insure that the enhanced authority which organized labor will derive from repeal of section 14(b), with resulting elimination of State right-to-work laws, will continue to be exercised democratically and in the public interest. I deeply feel that this legislation will also strengthen the collective bargaining process.

I am putting forward these proposals as a tried friend of labor, and as one who believes that section 14(b) of the Taft-Hartley Act should be repealed because we should have one Federal policy of labor-management relations throughout the Nation and not different policies in the States which have enacted so-called right-to-work laws denying the opportunity for the union shop.

If section 14(b) is repealed, U.S. labor will gain increased authority and union statesmanship will be tested as never before. I believe that the approach contained in these bills—an approach designed to put a more timely floor under wages, to foster greater union democracy and equal opportunity and to strengthen the collective bargaining process—is the most effective answer to those who pro-

pose restrictive legislation in the labor field.

The labor legislation I am introducing today would:

First. Amend the Labor-Management Relations Act to give the Federal courts jurisdiction to enforce provisions of collective bargaining agreements containing no-strike, no-lockout clauses if such jurisdiction is specifically accepted in the contract and the contract contains a clause providing for the arbitration of disputes.

Second. Amend the National Labor Relations Act to insure, when requested, a ballot election in union representation cases.

Third. Amend the equal employment opportunity title, title VII, of the 1964 Civil Rights Act to improve its coverage of unions and employers, to strengthen the enforcement and investigatory powers of the Equal Employment Opportunity Commission, and to stress equal opportunity access to apprenticeship and other training programs.

Fourth. Give the President new powers to protect the public health and safety in national emergency strike situations. The powers would include appointment of a board of inquiry to make public recommendations for a settlement, a 30-day freeze during which both parties would be required to bargain on the recommendations, and authority for Government seizure of facilities in extremely grave situations.

Fifth. Amend the Fair Labor Standards Act to increase the minimum wage from \$1.25 to \$1.50 per hour.

1. ENFORCEMENT OF NO-STRIKE, NO-LOCKOUT CLAUSES

Mr. President, I submit, for appropriate reference, a bill to amend section 301 of the Labor-Management Relations Act to give the Federal courts jurisdiction to enforce all provisions of collective bargaining agreements, including no-strike, no-lockout clauses.

The President's labor message neglected an important area where our national labor policy is fragmented and inconsistent—the enforcement of labor agreements. Such enforcement has been made a matter of national labor policy by section 301 of the Labor-Management Relations Act, and the Supreme Court has held in the Lincoln Mills case that a single Federal substantive law of labor agreements governs suits for violation of such agreements under that section. Yet because of Congress' failure to allow injunctive relief in section 301 suits, the Supreme Court later held that the Norris-La Guardia Act deprives the Federal courts of jurisdiction to enforce no-strike clauses regardless of what the parties themselves have negotiated.

Thus, despite section 301, we now have 50 different State laws governing the subject—some permitting enforcement, some denying it, and each attaching special conditions and restrictions—all because the Federal courts have no jurisdiction over the subject, jurisdiction we thought we had given them when we enacted section 301.

Surely if our Federal labor policy is to encourage collective bargaining under a uniform Federal labor law, then at least

we ought to have a uniform policy providing for enforcement of the bargain once it is made.

The bill I introduced today would not change the legal status of existing contracts. Instead, this bill would merely permit the parties to provide for enforcement, if they have specifically stated in their collective bargaining agreement that the Norris-La Guardia Act shall not preclude enforcement. Accordingly, if the parties make that provision a specific part of their bargain, it will be enforceable according to its terms.

This bill is designed to be evenhanded. The grant of Federal jurisdiction would provide employers with an effective remedy against union breaches of contract; but my bill makes that remedy available only if the agreement affords to the union an equally quick and effective—and inexpensive—remedy against employer breaches: binding arbitration of union grievances. Our national labor policy is to encourage grievance arbitration as a substitute for industrial warfare, as the Supreme Court has stated many times.

The tying together of the no-strike clause and the arbitration clause is nothing more than recognition of what is axiomatic in collective bargaining. As the Supreme Court once put it:

Plainly the agreement to arbitrate grievance disputes is the quid pro quo for an agreement not to strike.

And it is a quid pro quo in practice as well as in theory. For example, the current labor agreement between the United States Steel Corp. and the United Steelworkers of America provides that one is a condition of the other; the arbitration clause states:

Sec. 7K. If this agreement is violated by the occurrence of a strike, work stoppage or interruption or impeding of work at any plant or subdivision thereof, the board of arbitration shall refuse to consider or decide any cases concerning employees at such plant involved in such violation while such strike, work stoppage, or interruption or impeding of work is in effect.

To say that the arbitration clause is the quid pro quo for the no-strike clause and then make the no-strike clause unenforceable undermines the whole bargain, and makes it even more difficult to negotiate arbitration clauses in the first place.

This bill would therefore further two national labor policies: It would promote grievance arbitration as a substitute for industrial warfare by encouraging the parties to negotiate arbitration clauses; and it would help achieve a uniform national labor law, which was our purpose in enacting section 301 and will be our purpose in repealing section 14(b).

Legislation along the line of this bill was recommended in a report of the Association of the Bar of the City of New York earlier this year. I would point out, moreover, that the bar association report was signed by every labor union lawyer on the labor committee of the association—an action which clearly indicates that the best thinking in the American labor movement is willing to accept the responsibility of living up to the agreements it negotiates.

Mr. President, I ask unanimous consent that there be printed in the Record at this point first, the text of the bill I have just submitted; second, the report of the Association of the Bar of the City of New York; and third, a similar report of unaffiliated or "neutral" members of the labor section of the American Bar Association.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill, and reports will be printed in the Record.

The bill (S. 2132) to amend section 301 of the Labor-Management Relations Act, 1947, so as to make the Norris-La Guardia Act inapplicable to certain injunctive proceedings; was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the Record, as follows:

S. 2132

A bill to amend section 301 of the Labor-Management Relations Act, 1947, so as to make the Norris-La Guardia Act inapplicable to certain injunctive proceedings

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301 of the Labor-Management Relations Act, 1947, is amended by adding the following new subsection:

"(f) The provisions of the Act entitled 'An Act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes,' approved March 23, 1932 (29 U.S.C. 101-115), shall be inapplicable in any proceeding to enjoin the violation of, or to enforce an arbitration award arising out of an alleged violation of, a contract between an employer and a labor organization representing employees in an industry affecting commerce as defined in this Act, if the contract includes (1) a provision for submission to binding arbitration of any claim asserted by such labor organization alleging a violation of such contract by such employer, and (2) a provision expressly stating that the provisions of such Act approved March 23, 1932, shall be inapplicable in any such proceeding."

REPORT CONCERNING (1) THE ROLE OF JUDGE AND ARBITRATOR IN LABOR ARBITRATION AND (2) INJUNCTIONS AGAINST STRIKES IN BREACH OF CONTRACT

(By the committee on labor and social security legislation)

PRELIMINARY STATEMENT

Recent proposals for legislation concerning (1) the relationships between the courts and arbitrators under collective bargaining agreements, and (2) injunctions against strikes in breach of no-strike clauses have focused attention on these issues. We recommend that the relationship between the courts and arbitrators be allowed to continue to evolve in the course of judicial decisions without legislative action at this time. We recommend, however, that the Federal courts be given jurisdiction to enjoin strikes in breach of collective bargaining agreements under certain conditions as discussed below.

I. BACKGROUND

Prior to the enactment of the Taft-Hartley Act the enforceability of labor arbitration agreements and awards was governed solely by State law. The decisions of State courts frequently reflected the ancient tradition of judicial hostility to arbitration as a forum rival to the courts. Agreements to arbitrate future disputes were generally held unenforceable except under specific statutes and were strictly construed. In 1947, section 301 of the Taft-Hartley Act conferred upon the Federal courts jurisdiction over suits be-

contributions to our country in industry, labor, music, and the arts. They are among our best citizens. Let us hope and pray that the day will soon come when freedom and democracy will be restored in their Baltic homelands.

THREAT BY DE GAULLE TO EUROPEAN ALLIANCE

Mr. DOUGLAS. Mr. President, Mr. William H. Stoneman, veteran correspondent for the Chicago Daily News, has written a series of articles on President Charles de Gaulle which were published on June 9, 10, and 11.

These articles seem to confirm the plans of President de Gaulle to pull out of NATO and to deny to the United States the right to use military lines of communications and military installations on French territory.

In addition, Mr. Stoneman writes of a whole series of hostile acts on the part of General de Gaulle toward the United States.

Mr. President, the United States does not deserve such treatment from General de Gaulle. First it saddened us, but I believe that its continuation has now led to a real sense of anger on the part of the American people.

As I have suggested a number of times since last February, the United States is not defenseless against De Gaulle's hostile acts. If such acts continue, in my judgment we should reinstitute our proper legal claim for payment by France of her World War I debts to us. In other words, if France continues to present to the United States dollars which she has accumulated because of our military expenditures in France and our foreign aid expenditures in previous French possessions and demand gold for them, we should raise our proper legal claims against France and take other steps to protect the American dollar.

Mr. President, I believe that Members of the Senate and of the public will be interested in Mr. Stoneman's articles. I ask unanimous consent that they be printed in the body of the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Chicago Daily News, June 10, 1965]

THE MAN WHO SHOULD REMEMBER: STUBBORN DE GAULLE FORGETS FRIENDS

(By William H. Stoneman)

PARIS.—Americans can be excused for being outraged by the decision of President Charles de Gaulle of France to hamstring the North Atlantic Treaty alliance and leave it in 1969.

De Gaulle should be the first man to understand the importance of NATO in assuring the peace and tranquility of non-Communist Europe.

A leakproof defensive military alliance with the United States, backed by the American nuclear umbrella, is the ultimate in life insurance. De Gaulle spent 4 years in exile during World War II, because France has enjoyed no such protection and had been conquered by Germany.

A taxi driver remarked the other day that "the general has no memory."

This may explain why an apparently honorable and loyal man like De Gaulle has set out to wreck an alliance that France demanded after World War II.

I bear personal testimony that France did demand an alliance that would be run for all practical purposes by the United States. Maybe De Gaulle doesn't know this, but he should.

In 1949, I was approached by Gen. (later Marshal) Jean de Lattre de Tassigny, France's leading soldier and, at that time, ground forces commander for the Western European Union, under the supreme command of Marshal Bernard Montgomery of Britain.

De Lattre was a good personal friend and he knew of my friendship with Gen. Joseph Lawton Collins, then U.S. Army Chief of Staff.

"The situation has become impossible," De Lattre said. "I can go on no longer. Montgomery is insufferable and I refuse to accept his insults any longer. It is impossible to work with him. The only solution is for the United States to appoint a supreme commander for the Allied forces in Europe. Please tell this to your American friends."

A few days later I discussed the matter with Collins when we met in Germany where he was on inspection trip.

Collins' first reaction was one of disgust that the French and the British were still fighting one another. His second reaction that the American people would never agree to the appointment of an American overall commander in Europe in peacetime.

Within a matter of months the brilliant soldier was proved wrong when Dwight D. Eisenhower took command of NATO forces in Europe.

This particular appointment also was a blow to De Lattre. He and Gen. Eisenhower had quarreled bitterly when De Lattre, with De Gaulle's backing, had refused to obey Ike's order to evacuate Strasbourg.

De Lattre had hoped Gen. Omar Bradley would get the NATO job. As it turned out, Ike refused to have De Lattre serve under him and the latter was sent to Indochina, "the cemetery of the generals."

Not only can American complain about De Gaulle's lack of memory; there is considerable justification for regarding him as an ingrate.

The official U.S. Government publication, "U.S. Foreign Assistance July 1, 1945-June 30, 1962," records that France received a total of \$9,413,500,000 in economic and military aid since the war.

Of this sum, \$5,181,900,000 took the form of economic aid while military assistance came to \$4,231,600,000.

In 1953 and 1954, when France was battling bitterly to keep a foothold in Indochina, France received military aid totaling \$1,107,900,000 and \$683,500,000.

In the same 2 critical years, economic aid was granted to the tune of \$398,700,000 and \$86,400,000.

You would think the U.S. Information Agency might make a point of reminding French citizens of these figures when De Gaulle starts screaming about our own campaign in South Vietnam.

Let it be recorded that neither the U.S. Embassy nor the American mission to the Organization for Economic Cooperation and Development in Paris even has a copy of the official publication. Neither one was able to supply the figures when we asked for them.

It would seem, granted the circumstances, that this situation might require speedy correction.

[From the Chicago Daily News, June 11, 1965]

BIG QUESTION AND BIG STAKES: HOW CAN UNITED STATES BLOCK DE GAULLE?

(By William H. Stoneman)

PARIS.—What—if anything—can the United States and other members of the North Atlantic Treaty Organization do to keep President Charles de Gaulle of France from wrecking the alliance in his quest for French independence?

Early next year the general plans to deny the United States the right to use military lines of communication and military installations on French territory.

Later, by 1969, De Gaulle plans to pull France out of the alliance by refusing to renew the treaty, which was signed April 4, 1949.

The United States already has been outraged by other actions of De Gaulle:

His move, at the end of 1964, to convert a large percentage of French dollar holdings in gold at the expense of the American gold reserve.

His refusal to take an active part in the Southeast Asia Treaty Organization.

His high-and-mighty criticism of the United States for its military moves in Vietnam and the Dominican Republic.

These actions have provoked demands by ordinary Americans for some kind of counteraction against France.

But De Gaulle's new moves, which are still being smokescreened by government flunkies, will be infinitely more serious and far more worthy of preventive treatment if we can devise one.

The answer of most responsible American officials, including top men in the State Department, the Pentagon, and the U.S. diplomatic service is clear and emphatic:

"Nothing we can do will prevent De Gaulle from carrying out his plans. The best we can do is to avoid any action that might appear to be provocative and that might appear to justify his attitude."

A close examination of all the possibilities seems to support their contention that France is fairly invulnerable to any sanctions we might impose on her.

She buys twice as much from us as we buy from her: \$1 billion to \$500 million annually. So we would only be cutting off our own noses if we started a trade war.

Talk about stopping investments in France is futile if only because De Gaulle himself wants us to curtail capital investments in France.

Disengaging American capital and business interests from France would be as difficult as unscrambling a thousand omelettes.

American firms are inextricably involved in French economic life, right up to their ears and to their own extreme advantage. They produce 2.2 percent of the gross national product of France.

The U.S. Chamber of Commerce in France has just produced a list of 137 American companies that maintain manufacturing plants in France, but the full number is not known. It probably exceeds 200.

American firms exercise a virtual monopoly in some lucrative fields. They control 80 percent of the petroleum industry, about 60 percent of the biscuit business and a large share of the tire trade.

You couldn't expect these people to sit back and watch the U.S. Government try to squeeze France economically.

And, since France now has its foreign payments fully in balance and its foreign trade is booming, there is little likelihood that we could make a squeeze effective.

France, incidentally, is equally unlikely to exercise an effective squeeze against us.

despite the general's insistence upon converting dollar reserves into gold.

Latest figures show that French reserves include, as of May 13, \$1,120 million in foreign currency—mostly in dollars—and \$4,255 million in gold.

France must continue to hold \$600 million to cover reconstruction loans granted by the United States in 1945-46. It must hold another \$60 million to cover a Canadian loan. And France must hold another large block of dollars to cover normal trading requirements.

This takes us back to where we started, still wondering what to do to deter De Gaulle from his perilous course.

The answer may in fact be a fairly simple one, if only a partial one.

The least we could do, it is suggested, would be to ask De Gaulle for a straightforward statement of his intentions.

The demand would be supported by the obvious need to look ahead and to protect our alliance against all possible threats.

A good many people, including many important French citizens, feel that the mass of the French people would be thoroughly shocked if they realized what the general was up to—if they were allowed to understand that the United States was being driven straight into the arms of the Italians and the Germans because of De Gaulle's actions.

This, at least, seems to be the one sensible suggestion that has been heard. It surely seems worth a try.

[From the Chicago (Ill.) Daily News, June 9, 1965]

EUROPEAN ALLIANCE THREATENED; DE GAULLE: DISASTER FOR THE FREE WORLD?

(By William H. Stoneman)

PARIS.—President Charles de Gaulle of France is planning a series of steps that may prove disastrous not only to France and De Gaulle himself, but to the whole free world.

The French public is unaware of his plans. The United States and France's other allies have taken no steps to deter him.

De Gaulle hopes, in effect, to withdraw France from the North Atlantic Treaty and to supplant the iron clad, comprehensive North Atlantic Alliance with a series of hodgepodge, bilateral defensive alliances of the same kind that failed to prevent either of the last two world wars.

This he cannot do legally before 1969, but in the meantime he plans steps that will threaten the military workings of the alliance.

One of these steps, planned for the period after the French elections late this fall, will be to tell the United States that it is no longer free to use 14 airdromes on French soil, except when France gives its specific approval. In other words, we could not count upon their use in case of hostilities.

The same action will be taken in regard to the line of supply we have built up between the ports of western France and our forces in Germany.

These installations and the material we have stored in depots are roughly valued at more than \$2 billion.

But the financial loss would be nothing compared to the blow in strategic terms.

American and other allied military men have refused to admit that the withdrawal of France from the alliance, or the loss of French facilities, would necessarily mean the end of NATO. They may be right, to a certain extent.

But there can be no denying that the loss of French facilities would be a shocking blow, vastly increasing the already colossal job of trying to defend Western Europe on the ground.

The first thing that has to be understood in this connection is our 90-day strategy.

It is our American view that we must be prepared, or seem to be prepared, to fight a protracted conventional war in Europe in order to escape defeat by ultimatum.

Unless we have this capability we risk being confronted by the choice of having an all-out hydrogen war or capitulating in an unlimited number of possible crises.

But even the theoretical possibility of fighting a 60- or 90-day conventional war depends upon our theoretical ability to fall back gradually in the face of overwhelming Russian attack. And this depends upon our having ammunition, fuel, and other supplies waiting for us as our troops fall back.

It also depends upon our ability to use a large complex of airdromes scattered over a large area behind our fighting front and a great collection of roads that cannot all be cut by enemy action.

It is impossible to comprehend the full implication of De Gaulle's willful brainstorm without understanding the following fact:

Generally speaking, our frontline units, which would go into action immediately in case of a Russian attack on the central front in Germany, carry 5 days supplies of ammunition and other vital supplies.

Supply dumps in the immediate rear contain another 10 days supplies.

We don't keep larger stores in the front area because the chances are we would lose everything we didn't use.

Our ability to go on fighting for several weeks after this first "frontier battle" depends on the supplies we have in France.

What can we do if France virtually kicks us out of her territory or lays down impossible restrictions on our continued presence?

One thing sure is that we cannot substitute either Western Germany or the low countries for France. Our principal lines of supply now go through ports in those countries, for reasons of economy. But they are certain to become unusable in wartime.

One fairly plausible solution would be to switch NATO headquarters and our supply bases from France to Italy. Italy has the advantage of being remote from the front line. We might conceivably be able to move supplies and men through the Brenner Pass or the Ljubljana Gap, in northwestern Yugoslavia.

This move, however unsatisfactory, at least constitutes a paper threat that prevents us from being completely at the mercy of De Gaulle.

The fact remains that it is an unsatisfactory solution that we would never contemplate if France behaved as a loyal ally.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum and ask that the time for the quorum call to be charged to the time allocated to the bill.

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Bass in the chair). Without objection, it is so ordered.

The bill is open to further amendment.

AMENDMENTS NO. 262

Mr. CLARK. Mr. President, I call up amendments No. 262, and ask that they be stated.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 25, strike out lines 9 to 13, inclusive. On page 25, line 14, strike out "(c)" and substitute "(b)". On page 25, line 21, strike out "(d)" and substitute "(c)". On page 25, after line 25, insert the following:

(d) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role.

The PRESIDING OFFICER. The Chair inquires if the Senator from Pennsylvania would like to have the amendments considered en bloc.

Mr. CLARK. I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Under the agreement, the Senator from Pennsylvania will be recognized for 30 minutes, and the Senator from Arkansas for 30 minutes.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Mr. President, is not amendment No. 262 proposed by the Senator from New York [Mr. KENNEDY] and me, rather than by me alone?

The PRESIDING OFFICER. The Chair is in error. The amendment is proposed by the Senator from New York, for himself and the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I yield to the Senator from New York as much time as he may require.

The PRESIDING OFFICER. The Senator from New York has control of the time.

Mr. KENNEDY of New York. Mr. President, I offer on behalf of the Senator from Pennsylvania [Mr. CLARK] and myself an amendment to S. 1837, a bill to amend further the Foreign Assistance Act of 1961 as amended.

I think it is clear from the discussion that has occurred on S. 1837 to date that there are certain dissatisfactions with our foreign aid program.

At times our aid has seemed to support governments unwilling to undertake the basic reforms essential to economic development and the political and economic freedom of their people.

The foreign aid program has often achieved major successes.

But at other times, political considerations have seemed to compel assistance which did not contribute to real economic progress.

And results have sometimes appeared slow, so that the goals to which we have directed ourselves in certain countries seemed nearly as distant as they did 15 years ago.

As a result, many Americans—and some Senators—who are deeply committed to the principle that we should help the rest of the world, are nevertheless severely critical of our actual foreign aid program.

Clearly, it is time that we take full stock of where we are going, and how we will get there.

It may be that the entire method of administering foreign aid should be overhauled.

Many new approaches are possible—such as California's special relationship with Chile, or the people-to-people program carried out by Michigan State University.

The Alliance for Progress is currently attempting to direct economic development and assistance efforts for all of Latin America, through a cooperative planning council.

Our foreign aid in other areas might follow this example. We may work more through institutions such as the World Bank; other multilateral approaches to foreign assistance loans and grants, as recommended by the Foreign Relations Committee, may prove more effective than bilateral assistance programs.

All these approaches will be studied by the committee established by part IV of the bill.

The committee's study should point to the necessary reforms.

The amendment which we offer today would insure that the committee would also consider the basic question of the proper magnitude of the future U.S. assistance program.

The amendment would direct the committee to analyze the basic relationship between the needs of the developing nations and the resources of the United States and other advanced countries.

It would direct the committee to assess the proportion of our gross national product which should be devoted to the welfare of the rest of the world's peoples.

In so doing, it would affirm the sense of the Congress that the United States will fully meet its responsibilities in the decades ahead.

For we must recognize that two-thirds of the world's people live in poverty and hunger, with ignorance and disease their constant companions. And we must recognize that if help is to come to them from outside, we must play a major part.

The United States owns over half of all the world's wealth outside the Communist bloc and our present gross national product is increasing at a constant and impressive rate.

The disparity between our wealth and that of the underdeveloped countries of the world is even greater.

The U.S. gross national product is over \$600 billion per year.

The dozen developed countries of Western Europe and Japan together have a gross national product of half that much.

The more than a hundred remaining countries of the non-Communist world—the countries with which this bill is concerned—share a total gross national product of another \$300 billion.

This means that the income of the average Indian or African or Lybian is less than \$75 a year.

It means that the average citizen of Paraguay or Indonesia or Iran has an income of only a little over \$100 a year.

At the same time, our gross national product per person is over \$2,500 per year and is rising far faster than is production or income in the less-developed countries.

But as our wealth grows—as the gap between us and the rest of the world increases—we have been doing less, not more, to meet our responsibilities.

Fifteen years ago, we contributed to economic development in the rest of the world fully 10 percent of our Federal budget, nearly 2 percent of our gross national product.

But to meet the challenges of the 1960's, we are spending only 3 percent of our Federal budget—one-half of 1 percent of our gross national product—less than one-third the effort we made 15 years ago.

In order to assist the two-thirds of the world that is struggling to overcome poverty that cannot see past the desperate need for tomorrow's food, the developed world must find better techniques and methods for stimulating economic growth.

The people of the United States were willing to make a commitment of 2 percent of our national income to foreign assistance in the post-World War II period.

As they make a further commitment to foreign aid, they want to know that our assistance is designed to do the job. They want to know that we will do more than merely meet consumption needs. They want to know that our goals are realistic and that means of achievement are available.

This amendment is designed to clarify the needs, our goals in relation to these needs, and our methods of achieving these goals.

The committee should therefore study and assess the magnitude of needed capital assistance efforts.

It should recommend policies and programs for the education, training, and employment of the necessary human resources from the United States and other developed nations.

And it should recommend ways in which we can assist less-developed countries to undertake the educational efforts which are necessary.

In Venezuela, 1 year's work by agricultural technicians has taught farmers to increase their cornfields from 1,100 to 2,300 kilograms per hectare; by next year, they should get 4,000 kilograms per hectare. But this has required a ratio of 1 technician for every 30 farmers. If we would duplicate or even approach similar results elsewhere, we must vastly

increase the development of human resources.

We believe that the study called for by this amendment will be of great assistance in setting before the Nation the challenges which we will face in the coming years.

The Senator from Oregon [Mr. MORSE] has informed the Senator from Pennsylvania [Mr. CLARK] and me that he accepts our amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. MORSE. Mr. President, the Senator has said that I accept the objective of the amendment. I accept the objective except for the part reading, "On page 25, strike out lines 9 to 13, inclusive."

I shall give my reasons for that shortly. However, I shall support the objective that the Senator has in mind. It was agreed that if the special committee should come forth and say that the figure of 50 should be 60 or 70, that would draw up the issue at that time.

As I shall develop on my own time later, I believe it is a great mistake to eliminate the figure "fifty" when it is agreed that this is not strictly binding. Therefore, I shall develop this point later.

Mr. KENNEDY of New York. The Senator from Oregon, on the debate on Friday, pointed out that he would very likely favor even greater foreign aid if the foreign aid program were developed properly and met the ideals in which we are interested.

As he has so often pointed out in his comments of our foreign aid programs, he is not against foreign aid, but rather against a poorly designed or administered program that does not accomplish what is supposed to do.

This amendment is designed to insure that we examine our goals, and means to their achievement, in a critical and constructive manner.

I believe that the American people maintain a deep commitment to the goal of economic development for the two-thirds of the world's people who are poor—that we, who diet, have a responsibility to those who starve.

As President Kennedy said in 1961:

To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

This amendment will help us to determine how to meet this challenge.

Mr. CLARK. Mr. President, will the Senator yield me 5 minutes?

Mr. KENNEDY of New York. I yield 5 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 5 minutes.

Mr. CLARK. Mr. President, the proposed amendment would add a new subsection to section 703, entitled "Principles To Be Taken Into Account in Proposals

for Future Programs," which appears in part IV, on page 23 of the bill.

The purpose of the Kennedy-Clark amendment is to draw attention to the fact that the rich nations are constantly growing richer and the poor nations are constantly becoming poorer, and to indicate the course of action which we believe this situation makes necessary.

I can think of no greater menace to our peace and prosperity, and that of our children and grandchildren, than the ever-widening gulf between the "have" and the "have-nots" which exists in the world today.

Note well these rather frightening figures. The average inhabitant of Asia, Africa, or Latin America has an income of less than \$100 a year.

This compares with \$2,500 per person per year in the United States. That disparity is becoming greater and not smaller. So as long as our rate of growth is as rapid as it is, and theirs is as slow as it is today, the gap will increase to an even greater figure.

Our own self-interest, as well as our humanitarian traditions, require that we take strong, positive action to help speed up the rate of economic development in the poorer nations of the world.

The present \$3.3 billion bill represents, in our joint judgment, far less than we could and should devote to this end.

Fifteen years ago, when we were in the Marshall plan, the United States was contributing 1½ to 2 percent of our gross national product to relieve and help countries abroad. Today it is down to 0.5 percent, and in these underdeveloped areas of the world, the need is substantially greater than it was then. This is because they have not made the economic progress we had hoped they would make in the interim, particularly since any economic progress they have made in increasing their gross national product has in many cases been more than offset by the population increase. We have been able to achieve "death control," through our public health programs, but we have not developed really effective methods of cutting down on the high rates of population growth.

In those earlier days we were putting up 10 to 12 percent of our Federal administrative budget into foreign aid. Today it is down to 3 percent.

The plain fact is that we can afford a foreign economic development program at least three times as big as the present one. Instead of a \$3 billion program—which includes sizable sums for military and supporting aid as well, far more, in my judgment, than are warranted—we should be thinking in terms of a \$10 billion foreign economic development program.

I hope that the legislative proposals which are to come out of the Foreign Aid Planning Committee will be as bold and as imaginative as they will have to be if this country is to meet its obligations in the field of world economic development.

I should like to paraphrase the language of the amendment by saying that the proposals referred to in subsection (a) of section 703 should be based on an analysis and estimate of the funds re-

quired by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CLARK. Will the Senator from New York yield me 2 additional minutes?

Mr. KENNEDY of New York. I yield 2 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 additional minutes.

Mr. CLARK. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fill this role.

Let me say, to the Senator from Oregon, with reference to the part of the amendment which would strike out the provision which limits the foreign aid program to 50 countries, that there is no magic in the figure 50. It could be made 45, or more than 50. I am suggesting to the Senator from Oregon—I do not know whether the Senator from New York will agree—that if the Senator from Oregon strongly objects, we would be willing to delete from our amendment the language which would strike out the 50-nation provision. But I hope he will agree to the amendment because the Commission ought to be free to go into these problems, without any artificial 50-nation limitation. It seems to me that there is a virtue in having technical assistance missions in a number of smaller countries even though we may not have large aid programs in those countries.

Mr. MORSE. Mr. President, may I have 2 minutes?

Mr. KENNEDY of New York. I yield 2 minutes to the Senator from Oregon.

Mr. MORSE. I shall speak more about this later, but with respect to what the Senator from New York and the Senator from Pennsylvania have said, let me say they had a right to rely on my approval of the amendments. The Senator from New York and I spoke about them and I told him I was for them, but I was thinking in terms of section (d). I did not realize, as I read the amendments hastily, that they would eliminate the reference to 50.

Let me briefly develop what transpired in the Foreign Relations Committee. This is a compromise that came out of the proposed Morse program. There was give and take in it. I am perfectly willing to state that there is nothing magical about the number 50, but the majority thought that in the Commission that was to be established there should be notice to the rest of the world that we are going to have a ceiling. The number may be 45, or it may be 80, depending on what is brought out factually.

But the AID people, in their testimony before us, say that they have been trying to reduce it. They agree that it should be reduced, but that it should be reduced on the facts. They testified before us with great pride as to the reduction in the number of countries they have already reached. But let me say to the Senator from Pennsylvania and the Senator from New York that I believe psychologically it would be a great mistake to adopt the amendment in its present form, with the sky as the limit in the interpretation which will be made around the world. It is important, as of now, that the countries of the world know that we intend to place a ceiling on the number of countries. We cannot continue to be giving aid to whatever the number is. The Senator from Pennsylvania knows that it is somewhere in the neighborhood of 90 at the present time. Whether it is 50 to 90—but let us say 90—that is too many countries on the basis of the present format of AID.

We can end with a foreign aid program which I can support enthusiastically far over 50—but that will be—

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 1 additional minute.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 additional minute.

Mr. MORSE. But that will be building up hard loans, it will be building up the agreement that they are not going to be using our money, for example, to our disadvantage economically and to the advantage of others who are not willing to invest in a foreign aid program.

The other day, I used the example of one Middle East country which obtained a great deal of money from us and then proceeded to buy wheat from Australia with that money, when they knew that our Government wished them to help us with our own wheat surplus.

There are many facets to that situation, of course. But, that is only one of the problems.

Let me say to the Senator from Pennsylvania and the Senator from New York that they are on the verge of reaching a remarkable agreement in the Senate on the heart of the amendment, which is section (d) of the amendment. That is the way we have to go. I have never advocated that we take an economic isolationist policy in regard to our foreign policy. I wish to help those countries help themselves, but I wish to do it on an entirely different basis.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. KENNEDY of New York. Mr. President, I ask to modify my amendment, in accordance with the request of the Senator from Oregon [Mr. MORSE], by striking out line 1, which reads, "On page 25, strike out lines 9 to 13, inclusive."

The PRESIDING OFFICER. The amendment will be so modified.

Mr. KENNEDY of New York. I ask the Senator from Arkansas [Mr. FUL-

BRIGHT] if the amendment, as now modified, is acceptable to him.

Mr. FULBRIGHT. That was my objection. I conferred with the Senator from Oregon the other day. When I discussed it with other Senators, I had not even noticed that the first line was a part of the amendment. I would not have taken it without that modification.

I am prepared to accept the amendment as modified, and would like to propose this question: Page 2, line 4 shows the word "assessing," and line 6 shows the word "assessment." The word "assessing" is a word which could be interpreted in a way which could be misleading. I do not believe that the sponsors of the amendment meant that the Commission should try to determine the precise assessment of the percentage of the gross national product. I thought it would mean to assess the GNP in the sense of an evaluation, as I believe it provides in line 6, which clearly means that they are guidelines to be used by the Commission to be appointed under the Morse amendment for suggestions as to the proper way to approach foreign aid in laying down certain policies.

Whether it is possible or practicable to say that the United States should devote automatically, regardless of what that gross national product would be, 1 or 2 percent, is certainly a little premature, it seems to me. It would be perfectly proper for the Commission to devise some formula that possibly could be used in the OECD. If all the developed countries should agree to devote 1 or 2 percent, or whatever they believe is agreeable, and this should be the formula which we should try to induce other countries to abide by, it seems to me it would be a very good move and would be persuasive to others in showing our good faith.

I am hesitant to say now that I believe they should say that the United States should give so much. This is buying a pig in a poke. With that understanding, I am perfectly willing to accept the amendment as modified.

Mr. KENNEDY of New York. I accept that. We are interested in what the Senator from Oregon has just spoken about, what the Senator from Pennsylvania referred to, and what the Senator from Arkansas has just touched upon. We are a wealthy nation, which grows more wealthy. Many other nations whose gross national product continues to increase, because of the population explosion and because of food shortages instead of growing stronger economically, will grow weaker. What is the relationship going to be within the next 5 or 10 years?

Mr. FULBRIGHT. That is correct. I believe this question is constantly coming up in relationship to aid. It is very important and I hope that the committee can give thought to that.

As a guideline for study, I believe this is a very good amendment.

Mr. KENNEDY of New York. I thank the Senator from Arkansas.

Mr. MORSE. Mr. President, will the Senator yield me 30 seconds to straighten out some draftsmanship imperfection in his amendment?

Mr. KENNEDY of New York. I yield 30 seconds to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 30 seconds.

Mr. MORSE. If the two Senators from Pennsylvania and New York are modifying the amendment to eliminate line 1 on page 1, they should also modify the amendment on lines 2, 3, 4, and 5 accordingly, and also on line 7 on page 1, and I believe that the (d) should then be changed to (e).

Mr. KENNEDY of New York. That is fine; and I accept that.

Mr. JAVITS. Mr. President—

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY of New York. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator from New York has 13 minutes remaining.

Mr. FULBRIGHT. Mr. President, I shall be glad to yield to the Senator from New York [Mr. JAVITS], if he needs time.

Mr. KENNEDY of New York. I am glad to yield to my colleague.

Mr. JAVITS. I like the amendment very much, and I hope that it will be included in the bill. I am pleased to note that the chairman of the committee has also accepted it. One other aspect of legislative history should be made clear, namely that the amendment does not contemplate solely the use of public funds as a contribution toward economic development, but also contemplates a relationship of what is used for foreign economic aid, in terms of the gross national product, both from public and private funds.

It is important to emphasize that, because the purpose and intent of the approach the Senator from Oregon and the committee have in mind is to draw upon new sources which have not previously been drawn upon.

Mr. KENNEDY of New York. What we have had in mind primarily is public funds for help and assistance which would be rendered in various forms, but certainly private funds would be an integral part of that effort. I would have no objection to having it understood, from debate on the floor of the Senate, that that kind of approach in the economy should be taken into consideration.

Mr. JAVITS. I thank my colleague. I hope that his amendment will be adopted.

Mr. DIRKSEN. Mr. President, I should like to direct an inquiry to the Senator from Arkansas. In this commitment we do not earmark—

Mr. FULBRIGHT. We do not. I have just made it clear that as I understand the amendment, these are guidelines for the instruction of the Commission to be appointed under the Morse amendment, which provides for a Commission of 12 members. In my view, this means that the Commission would examine into the possibilities of developing a formula which might be applied, for example, to all the nations of OECD, if they collectively—this is an example of how it might be properly interpreted—would agree that the industrialized countries,

and not merely the United States, should be able to apply as a group some percentage of their gross national product. This is not unreasonable as a talking point, as a suggestion to the other industrialized countries that the bigger part had interpreted it to mean that they authorized the Commission to say, "We assess the United States so and so." These are suggestions as to what they should go into.

The relationship between the growth of industrial countries and the underdeveloped countries is an important matter. I am told—and we read daily—that the rich countries are growing richer and that the relatively poor countries are growing poorer. Something should be done about it. These are guidelines that are sought to be established. That is the type of question that is perfectly proper for the Commission to investigate.

Mr. DIRKSEN. Words sometimes mean different things to different people. The word "should" is used. The language reads: "This analysis should examine"—

Mr. FULBRIGHT. "Examine"; yes. That is not to be binding, however.

Mr. DIRKSEN. I continue to read:

This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product should be devoted * * * the proposal should include an assessment * * * and should play in the economic and social development—

And so forth. Sometimes this has a way of hitting someone in the eye and he regards it as a commitment. I wish to know, for purposes of legislative history, right now, that we are not committing our country and not committing our gross national product to a percentage level for these purposes.

Mr. FULBRIGHT. This is clearly not a commitment. It may be that only 45 countries or 40 countries will be included, not 50 countries. These are suggestions; and it is hoped that the Commission will study the problem and come up with new ideas and better approaches with respect to our foreign aid program. This is one suggestion. I do not see any harm in it. The word "assessing" on line 4 of page 2 of the amendment does not mean that the Commission should make such and such an assessment. I think the proper interpretation of that word would be "evaluating."

Based on the facts, due to the terms of trade, in one important instance; that is, establishing reasonable prices for raw materials as opposed to industrial material, this has been working very much to the disadvantage of underdeveloped countries. That was a very important problem with regard to my own State as related to the industrialized northeastern area of our country. This is an important element in the effort to bring about a higher standard of living in the underdeveloped countries, because they are raw-material-producing countries, and are not industrialized.

This bears on the question of the relationship between the industrialized

countries and the raw-material-producing countries. I regard this as an admonition or direction to the commission to look into these questions and come forward with some suggestion. These are to be suggestions made to influence the administration in presenting its next foreign aid bill. This is not intended to be binding on our country.

Mr. DIRKSEN. Realizing that we cannot redress all the grievances of the entire world, I do not want us to commit ourselves to a percentage of the gross national product, on which we might founder.

Mr. FULBRIGHT. I do not want to do so, either. I do not believe this is binding. I am sure the Senator does not mean to say that we should not consider these things, from the standpoint of our gross national product relative to other countries, and that that should not be taken into consideration.

Mr. DIRKSEN. I do not.

Mr. JAVITS. Mr. President, in accepting the amendment—and I agree with the amendment—I also believe that the gap between have and have-not nations is widening, and that the gap will widen further if the present forecast is borne out with respect to the industrial countries continuing to increase their economic growth rapidly while the underdeveloped countries continue their much more modest increase. Does the Senator agree that what we are talking about is both public and private funds, and that we are, hopefully, contemplating a burst of interest in the underdeveloped areas on the part of the private enterprise system?

Mr. FULBRIGHT. Certainly; if we can bring about some political stability in the underdeveloped countries, the private sector will blossom beyond all comprehension. What is holding back private investment in South America, for example, is the fear of political instability. This is a very difficult situation. If any progress could be made, the private sector in those countries may make tremendous progress.

Mr. JAVITS. We have been rather deficient in our ingenuity with respect to inducements, in that we have not been able to have the private enterprise system play a more effective role in underdeveloped countries, in trying to bring about a better climate for it.

Mr. FULBRIGHT. Not so far as this legislation is concerned. Many sections of this legislation are geared to this purpose. There are the guaranty programs, which have been developed in recent revisions of the act. We have gone just about as far as we could possibly go with respect to inducements. Where we have failed is in not knowing how to help countries bring about political stability. This is where the real harm has been done. Even with investment guarantees, there is a hesitancy to go into a situation that may blow up next week. That is where I believe we have failed. This legislation has not failed. I do not want to minimize the difficulty. I do not know whether it is possible for us to help a country achieve political stability. Perhaps the only way would be in the field of education, and that type of endeavor. I

believe it would help in terms of trade. I have in mind the sort of thing like the coffee agreement, even though that is minor.

Mr. JAVITS. It is a kind of chicken-egg proposition. Private enterprise brings about political stability.

Mr. FULBRIGHT. Yes; it is a kind of chicken-egg proposition. It is hard to influence the political situation, of course.

Mr. JAVITS. We have the extended risk guarantee proposition, which has gone by the boards. We have the tax-incentive idea, which has really not been put into effect except for Western Hemisphere trading corporations. There are many things which will be recommended by the Advisory Committee on Private Enterprise in Foreign Aid, which is due to make its report by the end of the month. There are some individual ideas, too, with respect to which I shall bring up a suggestion, such as the Peace-by-Investment Corp.

If we interpret the language as the Senator has interpreted it—and I agree with it—we should utilize everything we can to affect the political climate by the success with which investments can be built up in a particular country. I agree with the Senator.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. FULBRIGHT. I yield 3 minutes to the Senator.

Mr. CLARK. Mr. President, may we have the yeas and nays ordered before the Senator asks his question?

Mr. FULBRIGHT. I have accepted the amendment.

Mr. CLARK. We would like the yeas and nays.

The PRESIDING OFFICER. Is the request sufficiently seconded?

The yeas and nays were not ordered.

Mr. MILLER. I should like to ask the Senator from New York a question and then to make a comment. It seems to me that using the gross national product as he does in his amendment may not be as meaningful as we would like to have it. For example, I am sure I do not need to point out that if the gross national product rises because of a greatly stepped-up war effort on the part of the United States, that increase in the gross national product would hardly be considered as a basis for comparison with respect to what we ought to be doing in foreign aid.

Mr. KENNEDY of New York. I believe the Commission would take that point into consideration.

Mr. MILLER. We could perhaps be more meaningful and get at exactly what the Senator has in mind by referring to the economic growth of the United States. Perhaps we could include the gross national product. What we are really after is the economic growth of the United States in comparison with what our commitments might be. I do not believe that the gross national product meets the requirement. I have used the example of the war boost on the gross national product to bear out my statement. I believe the amendment would

be a good one and could be even a much better one if we would have the amendment read "the economic growth, including the rise in the gross national product of the United States."

Mr. KENNEDY of New York. I would have no objection to such a modification, but I believe that if we establish here by debate and colloquy that it involves the economic growth and the gross national product in the way the Senator has described it, that is perfectly satisfactory to me.

Mr. MILLER. I feel that that is what the Senator had in mind. I would feel a great deal better about it if the Senator could modify his amendments so that on page 2, line 3, there would be inserted before the word "rising" the words "economic growth, including the," so that the clause would read, "and the economic growth, including the rising gross national product of the United States, assessing the percentage"—and then striking the words, "of gross national product" and inserting in lieu thereof the word "thereof," so that the entire sentence would read as follows:

This analysis should examine the relationship between development requirements and the economic growth, including the rising gross national product of the United States, assessing the percentage thereof that should be devoted to such development assistance.

Mr. KENNEDY of New York. I have no objection to that proposed modification.

Mr. President, I ask that the amendments be modified as the Senator from Iowa has suggested.

The PRESIDING OFFICER. Will the Senator from New York advise the Chair how he wishes the amendments to be modified?

Mr. KENNEDY of New York. Will the Senator from Iowa restate his proposal?

Mr. MILLER. The amendments would be modified so that on line 3, page 2, before the word "rising" would appear the words "economic growth, including the," and then on lines 4 and 5, it is proposed to strike the words "a gross national product," and insert in lieu thereof the word "thereof."

The PRESIDING OFFICER. Do the proposed modifications stated by the Senator from Iowa conform to the recommendations and request of the Senator from New York?

Mr. KENNEDY of New York. Yes.

The PRESIDING OFFICER. The amendments will be so modified.

Mr. MILLER. I thank the Senator. I shall be happy to support his amendments.

The PRESIDING OFFICER. The Chair requests the Senator from New York [Mr. KENNEDY] to send to the desk a copy of the amendment as modified so that the clerks can properly report the amendment.

Mr. KENNEDY of New York. I shall be happy to do so.

The amendments as modified are as follows:

On page 25, line 14, strike out "(c)" and substitute "(b)".

On page 25, line 21, strike out "(d)" and substitute "(c)".

On page 25, after line 25, insert the following:

"(d) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the economic growth, including the rising gross national product of the United States, assessing the percentage thereof that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role."

Mr. MORSE. Mr. President, will the Senator from New York yield?

Mr. KENNEDY of New York. I yield.

Mr. MORSE. I understand that the Senator from New York and the Senator from Pennsylvania share the point of view—and I agree—that it would be a good idea for conference purposes to have a yeas-and-nays vote on the amendments.

Mr. CLARK. The Senator is correct.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. CLARK. Mr. President, I shall suggest the absence of a quorum.

The PRESIDING OFFICER. First, does the Senator from New York yield back his time? Out of whose time will the time necessary for the quorum call be taken?

Mr. FULBRIGHT. I shall be happy to yield the necessary time, but I believe a sufficient number of Senators are present so that perhaps the yeas and nays could now be ordered.

The PRESIDING OFFICER. Senators who are interested in seconding the demand for the yeas and nays will please raise their hands so that the Chair may count.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I am ready to yield back the remainder of my time.

Mr. MORSE. Mr. President, will the Senator yield me 3 minutes?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Oregon.

Mr. MORSE. First, I wish to highly commend the Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] for the amendments in their modified form. I do not believe that the Senate even begins to appreciate as yet the future significance of the amendments.

In my judgment, the amendments would bring together in the next 2 years on the floor of the Senate what many people think are irreconcilable conflicting groups—and it never has been true, and it is not true now. The amendments would help the country to see that what we all desire is for the United States to live up to its clear moral obligations in regard to helping the underprivileged of the world and the countries in this world that we refer to as underdeveloped countries.

It has never been my position that we should not aid those people. We are dealing with problems of procedure for aiding them. The Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] will recognize that. We are now dealing with what our guidelines ought to be. For example, we are dealing with a problem of hard loans and soft loans, the problem of grants versus loans. We are dealing with a problem as to how other countries that have the means with which to assist us ought to be of assistance to us in trying to bring—and I know the danger of using a term such as this, but it will spell out the difference between war and peace in the years ahead—the enjoyment of economic freedom to the "have nots" of this world, so that once they become economically free, they can really develop their political freedom under the principle of self-determination.

That is what the Senator from New York and the Senator from Pennsylvania are really doing by way of the amendments as I envision them. The amendment has many potentialities. Of course, we know that unless the countries to which they refer are ready and willing to do more themselves to further their economic growth, any additional sums spent by us in this endeavor will be totally wasted.

For the benefit of the Senator from Illinois [Mr. DIRKSEN], I should like to say that the amendments would not mean any commitments. It would not mean that under the word "assessing" or the word "assessment" used in the amendments there would be any commitment made as to any percentage of our national product that would be committed to foreign aid in the future. But, as the Senator from Arkansas [Mr. FULBRIGHT] has pointed out, "assessing" would be interpreted by us to mean that we ought to evaluate now, through the work of the Commission, a percentage of the gross national product that we ought to make available by way of various loans, grants, and cooperative efforts with other countries to underdeveloped areas of the world. "Assessment" I interpret to mean evaluation, and not any binding commitment that a specific percentage will be committed to foreign aid in the future. That will be of great aid to the special Commission that would be established for a reevaluation of the entire foreign aid program.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask for 1 additional minute.

Mr. KENNEDY of New York. I yield an additional minute to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 minute.

Mr. MORSE. I wish to say a word to the Senator from New York [Mr. JAVITS]. In the opinion of the senior Senator from Oregon, the amendments would in no way restrict bringing the private segments of our economy into the administration of foreign aid. Quite to the con-

trary, when we are through with this kind of evaluation, he and I will be buttressed and supported in the work we have been doing, along with the Senator from Pennsylvania [Mr. CLARK] and also the Senator from New York [Mr. KENNEDY], in trying to get more of our foreign aid program administered and participated in by the private segment of the economy, not only here, but elsewhere in the world.

I wished the RECORD to show that legislative history. So far as I am concerned, I, as author of the so-called Morse formula in the bill as the bill was reported from the Foreign Relations Committee, state that the amendments would strengthen the bill; they would not weaken it.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, will the Senator yield 1 additional minute?

Mr. FULBRIGHT. I yield a minute to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 minute.

Mr. MORSE. I thank the two Senators for their understanding of the position the Senator from Arkansas and the Senator from New York took when we told them the other day that we were for the amendments, but we did not understand that then would eliminate the so-called 50-nation ceiling. But I say again that that is not binding. It is a suggestion as a guideline to the special Commission, and we wish to hear their recommendations on that suggestion. That is what it amounts to.

Mr. KENNEDY of New York. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendments en bloc of the Senator from New York (No. 262), as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Maryland [Mr. BREWSTER], the Senator from Virginia [Mr. BYRD], the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Missouri [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. McGEEL], the Senator from Minnesota [Mr. MONDALE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Virginia [Mr. BYRD], the Senator from

Connecticut [Mr. DODD], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

The Senator from Kansas [Mr. CARLSON], the Senator from New Hampshire [Mr. CORTON], and the Senator from Delaware [Mr. WILLIAMS] are detained on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Kansas [Mr. CARLSON], the Senator from Delaware [Mr. WILLIAMS], the Senator from Hawaii [Mr. FONG] and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 78, nays 1, as follows:

[No. 122 Leg.]

YEAS—78

Alken	Hart	Montoya
Allott	Hartke	Morse
Anderson	Hayden	Morton
Bartlett	Hickenlooper	Mundt
Bass	Hill	Murphy
Bayh	Holland	Muskie
Bennett	Hruska	Nelson
Bible	Inouye	Pastore
Boggs	Jackson	Pearson
Byrd, W. Va.	Javits	Prouty
Cannon	Jordan, N.C.	Proxmire
Case	Jordan, Idaho	Randolph
Church	Kennedy, Mass.	Ribicoff
Clark	Kennedy, N.Y.	Robertson
Cooper	Kuchel	Russell, S.C.
Curtis	Lausche	Saltonstall
Dirksen	Long, La.	Scott
Douglas	Magnuson	Simpson
Eastland	Mansfield	Smith
Ellender	McClellan	Sparkman
Ervin	McGovern	Stennis
Fannin	McIntyre	Symington
Fulbright	McNamara	Tydings
Gore	Metcalfe	Williams, N.J.
Gruening	Miller	Young, N. Dak.
Harris	Monroney	Young, Ohio

NAYS—1

Thurmond

NOT VOTING—21

Brewster	Fong	Pell
Burdick	Long, Mo.	Russell, Ga.
Byrd, Va.	McCarthy	Smathers
Carlson	McGee	Talmadge
Cotton	Mondale	Tower
Dodd	Moss	Williams, Del.
Dominick	Neuberger	Yarborough

So the amendments, as modified, offered by Mr. KENNEDY of New York and Mr. CLARK were agreed to.

Mr. CLARK. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. FULBRIGHT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KUCHEL. Mr. President, I send to the desk an amendment on behalf of myself, Mr. MURPHY, Mr. BARTLETT, Mr. GRUENING, Mr. JACKSON, and Mr. MAGNUSON and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 18, after line 22, insert the following:

(3) Add the following new subsection at the end thereof:

"(n) No assistance under the Alliance for Progress shall be furnished under this Act

to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

"The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

Mr. KUCHEL. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 10 minutes.

Mr. KUCHEL. Mr. President, on Sunday, June 6, a week ago yesterday, two American tuna boats, flying the American flag, proceeded from the high seas into a Peruvian port.

An emergency situation had arisen with respect to the mechanism of each craft. One American tuna clipper, the *Sun Jason*, entered the port to discharge its chief engineer who was critically ill. The Peruvian Government immediately seized the vessel and levied a fine on its captain on the ground that the vessel was violating the jurisdiction claimed by Peru, reaching 200 miles out into the sea.

That craft was released finally when the captain agreed to purchase a license for \$2,700. The second vessel, the *Clipper-ton*, entered port to repair a damaged boom. It, too, was seized by the Peruvian Government and a fine of \$7,187 was levied.

The Peruvian Government made the further demand that a license be purchased to fish in the waters up to 200 miles seaward of the Peruvian coast.

On Friday of this week, another tuna clipper, the *San Juan*, flying the American flag, was fired upon by destroyer No. 68 of the Peruvian Navy while the American craft was 60 miles at sea. The American craft was escorted to port by the Peruvian naval destroyer and released after the captain had purchased a license at a cost of \$5,000.

Yesterday, another tuna boat, the *Hornet*, flying the American flag, was 96 miles at sea when it was taken under escort by the same Peruvian naval craft. The conversation between the captain of the *Hornet* and the commanding officer of the destroyer was recorded by another American tuna boat, the *Day Island*.

At 4 o'clock yesterday afternoon, Peruvian time, the *Hornet* advised the destroyer that it was having engine trouble and could not proceed. The commanding officer of the destroyer advised that the *Hornet* proceed or that it would be fired upon.

The captain of the *Hornet* asked permission to remove the entire crew from his boat, and then he told the captain of the Peruvian destroyer to go ahead and fire. The commanding officer of the destroyer then asked the captain of the *Hornet* to come aboard the Peruvian naval craft. He did so, and after a considerable period of time they returned to his vessel with five armed guards to supervise repairs. When the repairs were completed, one armed guard of the Peruvian Navy remained aboard

the American tuna craft, which then proceeded to port under escort, arriving there at 8 o'clock last night.

Over the weekend the skipper of the *Day Island* was buzzed by a twin-engine jet aircraft belonging to the Peruvian Air Force.

Mr. President, since I first came to the U.S. Senate, it seemed to me then, as it seems to me now, that the Government of the United States, particularly in this hemisphere, has not merely an opportunity, but a duty, to assist our neighbors; and thus I have supported not only mutual security; but I have supported the Alliance for Progress specifically.

I want my country to discharge her leadership in the cause of freedom in this hemisphere and beyond the seas, but perhaps I may be pardoned a bitterness and a resentment that representatives of any country in this hemisphere, but particularly one which receives substantial assistance from the people of the United States, should act in this fashion.

I believe it is generally conceded by us that a claim that the jurisdiction of a country extends 200 miles seaward is beyond comprehension. It is ridiculous. And when a boat belonging to fellow Americans is fishing 50 miles or 60 miles or 90 miles seaward, in open waters traditionally recognized under international law as the high seas, and then encounters armed resistance by the military of any other country, but particularly the military of a country which we are assisting with dollars, I believe it will be admitted it is time for the U.S. Senate to indicate its policy views on this question.

I wish to read once again, and then I shall be through, what this amendment would do. The amendment would provide:

No assistance under the Alliance for Progress shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area.

The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party.

I commented at considerable length 2 years ago on this subject, and I traced the history of international law with respect to freedom of the seas.

I ask unanimous consent that a copy of my comments made at that time be included in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FREEDOM OF THE SEAS: AN HONORABLE TRADITION THAT MUST BE PRESERVED

Mr. KUCHEL. Mr. President, my colleague from California [Mr. ENGLE] and I have joined in coauthoring the amendment which is now pending before the Senate. Our amendment would amend section 620 of the Foreign Assistance Act of 1961, as amended, which relates to prohibitions against furnishing assistance to certain countries, by adding the following new subsection:

"(1) No assistance shall be furnished under this Act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such area. The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

When my colleague from California and I originally submitted this proposal, I noted, on the floor of the Senate, the shabby and illegal treatment which had been given the American tuna fleet by those who should be our friends in Latin America.

A number of Latin American countries have extended their territorial jurisdiction to an untenable, unbelievable distance of 200 miles seaward. In the Declaration on Maritime Zones, issued in Santiago in 1952, Chile, Ecuador, and Peru proclaimed their exclusive "sovereignty" and jurisdiction over the ocean adjacent to their respective countries to a distance of 200 miles. Think of that, Mr. President. Following their ipse dixit and contention that they have, seaward, complete jurisdiction and complete sovereignty for 200 miles, what is to stop them, tomorrow, from claiming, "We have sovereign jurisdiction for 400 miles"—simply by suddenly making that announcement.

El Salvador, in its Constitution of September 7, 1950, had also made a claim out to 200 miles, but added that it only made this claim provided it did "not affect freedom of navigation in accordance with principles accepted by international law." Korea is the only non-Latin American country to make such a claim. Korea, under a Presidential proclamation of January 18, 1952, claimed "international sovereignty" over a zone from 20 to 200 miles in breadth for the protection, conservation, and utilization of the resources of the sea. Once again, however, it was specifically stated that the right of free navigation on the high seas would not be interfered with.

Mr. SYMINGTON. Mr. President, will the Senator from California yield?

THE ACTING PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Missouri?

Mr. KUCHEL. I yield.

Mr. SYMINGTON. I wish to say to the able Senator from California that I am much impressed with the position he is taking in behalf of American citizens thus discriminated against and injured; and I have also heard his colleague, our beloved friend the Senator from California [Mr. ENGEL], speak on the same subject. I know he will be interested in analyzing carefully the record the Senator from California is making here tonight, in the interest of his people.

Mr. KUCHEL. Mr. President, I appreciate that comment very much, because my friend and colleague [Mr. ENGEL] and I have gone into the background of this problem; and tonight I would be able to document literally almost a hundred cases in which South American countries have reached seaward much beyond the 3-mile limit to harass American vessels. They have taken American citizens off of their fishing boats. They have fined them. They have jailed them. All this in an attempt to prevent our citizens from using the high seas for completely legitimate purposes under every recognized principle of international law. I shall try to develop this argument, so that Senators will have an opportunity to view these facts before the Senate votes on this amendment.

Mr. SYMINGTON. As I understand the position of the able Senator from California, it is that some of the countries which have

been conducting operations of this type and character against American citizens are relatively large recipients of the AID program. Is that correct?

Mr. KUCHEL. The Senator from Missouri is entirely correct. It makes no sense for us to say, on one occasion, to a South American country, "We are going to help you," only on another occasion to have the government of that country abrogate the historic doctrine of freedom of the seas and keep our fellow Americans from using the high seas and the open seas as places in which to fish.

Mr. SYMINGTON. I understand that the Senator from California is documenting the assertions he is making.

Mr. KUCHEL. I am, one by one.

Mr. SYMINGTON. I thank the Senator from California.

Mr. KUCHEL. I am very grateful to the Senator from Missouri.

Mr. President, right now the high seas are being interfered with, and they have been interfered with in this hemisphere for over a decade. The high seas are res communis, the common property of all nations. This is an historic doctrine for which American and the Anglo-Saxon communities have fought for centuries. A resort to unilateral action by any nation to change this rule which limits the breadth of the territorial sea is a threat to the fundamental doctrine of the freedom of the seas, and certainly has no place in a world which is growing increasingly smaller and in a world where more and more nations are dependent for their livelihood on the resources which come from the sea. It is granted that this doctrine has not always been the accepted rule of international law. In the 14th century, the combined Kingdom of Denmark and Norway endeavored to maintain the whole Norwegian Sea as a mare clausum, by claiming sovereignty over the North Atlantic between Norway and Iceland.

Similar claims were later asserted by Portugal and Spain over much of the Atlantic and Pacific Oceans. By the second half of the 16th century, however, Poland and England initiated the new trend, which has continued to the present day. They informed the Danes that the use of the seas was common to all. In 1580, Queen Elizabeth I, of England, flatly repudiated the complaint of Spain against the expeditions which had been undertaken by Sir Francis Drake—expeditions which, in part, resulted in his voyage to the Pacific coast of the United States and, more particularly, to California. Queen Elizabeth declared:

"The use of the sea and air is common to all; neither can any title to the ocean belong to any people or private man, forasmuch as neither nature nor regard of the public use permitteth any possession thereof."

In 1588, when the English defeated the Spanish armada, the pretentious Spanish claims were swept aside, and the potential of realizing freedom of the seas was well on its way.

By the beginning of the 19th century, the concept of the modern territorial sea, or 1-league limit, came into use by nation states. This was recognized by Mr. Chief Justice Marshall in the case of The Schooner "Exchange" against McFaddon, decided in 1812.

In 1793, the United States, based on a note the Secretary of State, Jefferson, sent to the British Minister, adopted for purposes of neutrality a zone 3 miles wide all along the east coast. This zone of uniform breadth was recognized by the act of June 5, 1794.

Not all nations accepted this standard at that time. Some never have; but, with the exception of the five nations previously noted, by and large the territorial claims of most nations have never amounted to more than 12 miles.

By the 20th century, the 1-league, or 3-mile limit had become established as the maximum breadth of the territorial sea under international law. The English, in particular, as a great seafaring nation, have advocated the 3-mile limit. The only exception England has made was in 1951, when she recognized the validity of the Norwegian claim to 4 miles. The Norwegians themselves noted that their 4-mile limit had preceded the 3-mile limit, and thus, had validity in its own right within the concept of the 1-league rule.

As I have stated, not all nations in the 19th century recognized the 3-mile limit, just as some do not now. Belgium, between 1848 and 1852, opposed British enforcement of the 3-mile limit against its fishing vessels. In 1879, France refused to recognize the right of Great Britain to impose penalties on its fishing boats for violating the English 3-mile fishing limit. Nevertheless, by 1900, the 3-mile, or 1-league, limit was the accepted standard by 20 of the 21 states which claimed a territorial sea. These 20 states included: Argentina, Austria-Hungary, Belgium, Brazil, Chile, Denmark, Ecuador, El Salvador, France, Germany, Great Britain, Greece, Honduras, Italy, Netherlands, Norway, Russia, Sweden, Turkey, United States.

Spain, the 21st state, claimed 6 miles of general jurisdiction.

In 1930, The Hague Conference for the Progressive Codification of International Law took place. Bernard G. Helnzen, writing on the history of the 3-mile limit in the Stanford Law Review for July 1959, noted that at this conference, "The merchant tonnage of the countries supporting the 3-mile limit without a contiguous zone was over 70 percent of the world's total in 1929."

In 1954, Congress enacted legislation encouraging American fishermen to fish up to 3 miles from any coast, when it directed the reimbursement by the U.S. Government for various fines which a coastal state might impose following the seizure of an American vessel "on the basis of right or claims in territorial water or the high seas which are not recognized by the United States" (68 Stat. 883 (1954), 22 U.S.C. 1972(a)). Thousands of dollars have been repaid those American fishermen for the actual fines imposed. Under that act, the Secretary of State is authorized to take such action as he may deem appropriate in order to collect from the foreign country the amounts expended by the United States in reimbursing its fishermen. The Department of State informs me that it has not been successful in its attempts to make any collection from a foreign nation to date, despite the thousands of dollars—\$131,646.80, to be exact—which we have paid out.

In 1958, the Geneva Conference on the Law of the Sea took place. At that time, no more than 27 of the 73 coast states claimed a territorial sea in excess of 3 miles, or 1 league. Besides the five states I have previously mentioned which claimed zones up to 200 miles, the following countries made claims varying between 6 and 12 miles:

Six miles: Ceylon, Greece, Haiti, India, Iran, Israel, Italy, Libya, Spain, Yugoslavia.

Nine miles: Mexico.

Ten miles: Albania.

Twelve miles: Bulgaria, Colombia, Ethiopia, Guatemala, Indonesia, Rumania, Saudi Arabia, Union of Soviet Socialist Republics, United Arab Republic, Venezuela.

Forty coastal states, in 1958, claimed no more than 1 league as the breadth of their territorial seas. These states included: Argentina, Australia, Belgium, Brazil, Burma, Cambodia, Canada, China, Costa Rica, Cuba, Denmark, Dominican Republic, Finland, France, Germany, Ghana, Iceland, Iraq, Ireland, Japan, Jordan, Liberia, Malaya, Morocco, Netherlands, New Zealand, Nicaragua,

Norway, Pakistan, Panama, Philippines, Poland, Sudan, Sweden, Tunisia, Turkey, Union of South Africa, United Kingdom, United States, and Vietnam.

It is interesting to note that almost all of the major maritime countries still advocate the 3-mile limit and, thus, the freedom of the seas. Prior to the 1958 Geneva Conference, almost 87 percent of the world's merchant tonnage was registered in countries claiming no more than the 3-mile or 4-mile limit. The Geneva Conference failed to recommend an article dealing with the breadth of the territorial sea. It did reaffirm, however, the concept of the freedom of the seas, the concept of *res communis*. The Conference did reach agreement that new encroachment upon this concept would be tolerated only when the need was clearly evident, and then only by a grant of strictly limited jurisdiction, not by an extension of territorial jurisdiction. The Conference, by at least a two-thirds majority, agreed that, beyond the territorial sea of, say 3 miles or 4 miles, there could be an area, not more than 12 miles from shore, in which a coastal State could exercise a limited customs, fiscal, immigration, and sanitary jurisdiction. The Conference also agreed to the right of coastal states to exploit the resources of the Continental Shelf and to compulsory measures for the conservation of the living resources of the high seas. As Mr. Heinzen, who was a member of the U.S. delegation to the 1958 Conference and who wrote the excellent article I have previously cited, has stated:

"The net effect of the Conference was to undercut the arguments of those who maintain that they had the right to proceed unilaterally beyond the distance of 3 miles or 1 league."

It is also interesting to note the motivations that seemed to guide many of the participants at the 1958 Geneva Conference. The Soviet Union and its satellites supported the 12-mile limit. Why? Presumably because this would greatly increase the effectiveness of the vast Soviet submarine fleet, which in time of war would thus be able to seek sanctuary off neutral coasts up to 12 miles. The Arab bloc, which in 1958 included 10 countries, also supported the 12-mile limit. Why? Because a 12-mile limit would permit them to close the Gulf of Aqaba, which is less than 24 miles in breadth at its widest point. The next group favoring an increase in the existing territorial sea was composed of our friends in Latin America who wanted either an extension of the 3-mile limit or a contiguous zone for exclusive fishing control. In addition, there were some of the newly independent countries, members of the Afro-Asian bloc, who opposed the 3-mile limit merely on the basis that it had been established by the major maritime powers before their smaller and newer states had come into existence. This was shortsighted, to say the least, from their point of view, since they have the most to lose by attempts to harm the free flow of world commerce and economic development, and the most to gain by the capacity to fish freely the high seas.

At the 1958 Conference, the United States, in an effort to bring together conflicting interests, proposed a territorial sea of up to 6 miles, plus exclusive fishery rights in a zone extending up to 12 miles. Coastal states, however, could not exclude from the outer 6 miles of this 12-mile zone the fishing vessels of countries which had fished within those waters during the past 5 years, as long as these vessels observed reasonable conservation measures which might be imposed by the coastal state.

This American proposal did not secure the two-thirds majority which was necessary. Forty-five countries supported it; 33 were opposed; there were 7 abstentions. The Soviet Union proposed a territorial sea of at least 12 miles in breadth. This

proposal was defeated, with 47 voting against, only 21 for, and 17 abstentions. The Canadian proposal for a 12-mile exclusive fishing zone received 35 favorable votes; 30 were against; and there were 20 abstentions. Thus, the 1958 Geneva Conference was unable to agree on any change in the customary 3-mile, or 1-league limit, and, in effect, by overwhelming majorities confirmed the existing rule of freedom of the seas. The United States made very clear, at the conclusion of the Conference, that its offer of a 6-mile territorial sea with a 6-mile exclusive fishing zone was merely an offer, and nothing more, and that its defeat left the preexisting situation, or the 3-mile limit, intact. The Department of State noted, in a statement of April 28, 1958, that the 3-mile rule—"is the principle giving the greatest opportunity to all nations, large and small, new and old, coastal and landlocked, because it is the doctrine most consistent with freedom of the seas * * *. Unilateral acts of the states claiming greater territorial seas are not only not sanctioned by any principle of international law, but are, indeed, in conflict with the universally accepted principle of freedom of the seas."

There can be no question but that the 3-mile limit should be preserved, since it is the safest for navigation, especially by smaller vessels. Many of the landmarks used by small craft are not visible at a distance of 12 miles. In fact, only 20 percent of the world's lighthouses can be seen beyond 12 miles. Certainly, landlocked states would lose the most by an extension of the territorial sea since the coastal nations would be taking from them part of the sea that was common to all and getting nothing in return. This is, of course, particularly true, as I have mentioned before, of the newly independent states, whose economic and food resources for the future might depend on their capacity to gain access to good fishing grounds. With an extension of the territorial sea, the coastal state would assume an obligation and a duty to warn foreign ships of the dangers to navigation which exist within its territorial waters. Arthur H. Dean estimated that, in the case of our own country, an extension of our territorial sea to 12 miles would mean an initial capital outlay of \$8 million and an increase in the annual operating cost of \$1,500,000 for each 100 miles of coastline. This would mean an annual increase of \$180 million for the continental United States alone.

The fact of the matter is that an extension of the territorial sea is unnecessary in order to preserve the interests of a coastal nation in fishing. The furtherance of conservation measures for a coastal state or any other state is something which can be recognized and accommodated within the existing laws of the high seas. The Geneva Conference made a great step forward in this regard. And, of course, it is obvious that there is a fundamental difference between a nation's right of self-defense in the age of intercontinental ballistic missiles and what it attempts to do under its police power in the limited territorial jurisdiction which it seeks beyond its coastline—12 miles or even 200 miles is little protection against the ICBM.

Mr. President, the 3-mile limit is a proud heritage and legacy to be preserved in international law in the conduct of this Government and the conduct of other governments in this increasingly shrinking globe. The freedom of the seas is even more important now than it was in the 16th and 17th centuries, when the smaller states fought some powers who sought to monopolize the seas, so that they could obtain equal rights and opportunities to engage in passage and in commerce.

Mr. President, I have before me a table, prepared by the Department of the Interior, detailing the number and type of seizures, detentions, and other harassments of our

tuna vessels which have occurred between September 15, 1951, and June 28, 1963. A total of 77 American tuna clippers have been seized, boarded, or otherwise harassed. Many have been fined and held for weeks in custody.

Our men have been shot at. Some have been wounded. For example, back in 1955, on March 27, the *Arctic Maid* was stopped and shot at when 35 miles off the coast of Ecuador. The chief engineer, William Peck, was severely wounded. The vessel was impounded, and a fine of \$43,481.20 was imposed on it. This fine was paid; and the owners have been reimbursed under Public Law 680, enacted on August 27, 1954. A claim has now been filed by our Government against Ecuador for this and two other seizures which totaled in fines \$61,000. Of course, not a penny has been returned to the Treasury by Ecuador. The shocking thing, however, is that our Government has not filed claims against several other nations which have also imposed fines on our fishing vessels and whose owners have been reimbursed under the 1954 act. Section 5 of that act states:

"The Secretary of State shall take such action as he may deem appropriate to make and collect on claims against a foreign country for amounts expended by the United States under the provisions of this act because of the seizure of a U.S. vessel by such country."

That is a rather interesting act; it is now on the statute books. At the request of the administration, Congress passed a law authorizing the Department of State to reimburse an American fisherman if a foreign country violated the freedom of the seas, seized his fishing boat, and then required him to pay a fine. The statute empowers the Secretary of State, at his discretion, to request the offending nation—the country which violated international law—to reimburse the United States for the amount the Treasury under this act has paid to the fisherman.

On occasion, when American boats have been summarily taken by a South American country, and when, thereafter, the Department of State has made such payment to the owner of the boat, and thereafter a request has been made by the State Department to the South American country to reimburse the United States, what do you think happened, Mr. President? Obviously, we did not receive 1 penny back.

But, Mr. President, even when the Congress of the United States has generously provided that out of the Public Treasury shall be paid compensation to one who has thus been deprived of his property, that does not begin to compensate him for all the other indignities and, on occasion, jail sentences which have been meted out to him.

But, Mr. President, beyond all that, tonight we speak of the problems of our fellow Americans; and here is an opportunity to demonstrate to any nation, friend or foe, that the Government of the United States will not tolerate this treatment of any American citizen when he is utilizing in a legal fashion the high seas and the open seas; and we can particularly demonstrate that we will not provide any Alliance for Progress aid to any nation in this hemisphere which thus acts illegally against our citizens. That is the purpose of the amendment which my colleague, Mr. ENGLE, and I are offering.

I ask unanimous consent to have printed at this point in the RECORD a table of the seizures, detentions and other harassments and similar actions, commencing in 1951, and continuing through the intervening years until only a few months ago. This tabulation was prepared by the Department of the Interior, based on the official business records of the American Tunaboat Association.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Seizures, detentions, and other harassments of tuna vessels

THE FOLLOWING INFORMATION IS BASED UPON OFFICIAL BUSINESS RECORDS OF THE AMERICAN TUNABOAT ASSOCIATION, UPON AFFIDAVITS OF MASTERS OF TUNA CLIPPERS, AND UPON VERBAL REPORTS RECEIVED BY THE ASSOCIATION FROM OTHER MASTERS AND MANAGING OWNERS OF TUNA CLIPPERS

Name of motor vesse l	Date	Location	Remarks
Marleo-----	Sept. 15, 1951-----	Puerto Bollvar, Ecuador-----	Seized by Ecuadoran frigate <i>Guayas</i> . Vessel was entering port because of repairs. Vessel was fined \$5,500.
Tesoro del Mar-----	November 1951-----	-----	Seized by Ecuadorans, vessel was of Panamanian registry, no information available.
Notre Dame-----	Nov. 4, 1951-----	5.1 miles west-northwest of Isla de la Plata, Ecuador.	Vessel seized while en route to fishing banks in high seas off Peru. Vessel fined \$8,000, released after fine paid under protest.
Sun Pacific-----	July 30, 1952-----	1°52'' south latitude 81°4'' west longitude (18 miles off coast of Ecuador).	Vessel released Aug. 18, 1952, upon deposit of cash bond of \$11,600.
Equator-----	July 31, 1952-----	0°52'' south latitude 81°3'' west longitude (12 to 13 miles off coast of Ecuador).	Vessel in possession of Ecuadoran fishing license issued in Panama. Vessel paid \$1,000. Released after being in custody 3 weeks.
Venus-----	April 1952-----	Off coast of Colombia-----	Vessels seized and taken into port of Buenaventura. Reference: El Tiempo, newspaper in Bogotá, Colombia, dated July 25, 1952.
Cesare Augustus-----	-----	-----	
Jackie Sue-----	-----	-----	
Lina B-----	-----	-----	
American Beauty-----	Aug. 9, 1952-----	Off coast of Colombia beyond 3 miles-----	Seizure of vessel, no other facts available.
Martin B-----	Oct. 21, 1952-----	El Salvador-----	
Starcrest-----	May 20, 1953-----	Ecuador, 00° north latitude, 80°42'' west longitude.	Ecuadoran merchant vessel <i>Rio Guayas</i> attempted to stop and board vessel, but <i>Martin B.</i> did not stop or permit boarding.
Conte Bianco-----	Mar. 1, 1954-----	Panama-----	Fine imposed and paid \$3,000 for vessel and bail for crew in the amount of \$2,000.
-----	-----	Galapagos Islands, Ecuador-----	Vessel boarded by naval officers. Vessel had purchased Ecuadoran fishing license. Vessel charged with failure to clear vessel and vessel assessed penalty \$8,848.50.
Santa Rosa-----	-----	-----	Assessed penalty \$9,040.50. Same as above.
Helen Ann-----	-----	-----	\$9,040.50. Same as above.
Bernadette-----	-----	-----	Vessel boarded and documents inspected by naval officers of Ecuadoran patrol vessel <i>Bae Manabi</i> . Fined \$10,240.50.
Conte di Savoia-----	-----	-----	Abandonment of Ecuadoran waters without presenting for inspection of the captain of the port, the fishing license as well as other pertinent documents. \$9,088.50.
Sun Beam-----	Apr. 14, 1954-----	In waters between port of Salinas and Santa Clara Island, Ecuador.	Seized by Ecuadoran patrol vessel <i>El Oro</i> ; fine imposed (amount unknown).
Janus-----	June 1954-----	Ecuador-----	Vessel in distress at time of seizure.
Sun Streak-----	Sept. 4, 1954-----	3°15' south latitude, 80°54' west longitude (12 miles west of Santa Clara Island, Ecuador).	No further information.
Belle of Portugal-----	Sept. 25, 1954-----	San Cristobal, Galapagos Islands, Ecuador	Seized by patrol vessel <i>Bae Manabi</i> . Fine imposed, \$12,000.
Portuguesa-----	Nov. 19, 1954-----	31 miles, 304° true from Foca Island, Peru-----	Charged that in July this vessel was sighted 12 miles off Mauta, Ecuador, during July. Vessel released after boarding by naval officers.
Invader-----	Nov. 14, 1954-----	23 miles southwest of Foca Islands, Peru-----	Peruvian cutter D-3 <i>Rodriguez</i> advised master to "come aboard immediately or we will sink you." Master refused, vessel continued to operate 3 miles off the coast.
Renoun-----	-----	4°47' south latitude, 81°28' west longitude, about 15 miles off coast of Peru.	Boarded by Peruvian naval vessel, and request for fishing license. Released and told to get license from Peruvian consul in Los Angeles.
Seafarer-----	-----	4°58' south latitude, 81°37' west longitude-----	Boarded by Peruvian naval vessel D-2 <i>Aguirre</i> . Advised to proceed 200 miles off coast.
Stanford-----	Feb. 18, 1955-----	Off the coast of Peru beyond 3 miles-----	Same as above.
E. S. Lucido-----	-----	-----	Seized and fined \$2,000. Taken into port of Talara.
Miss Universe-----	-----	-----	Do.
Marsha Ann-----	-----	-----	Do.
Alaska Reefer-----	-----	-----	Do.
Sea King-----	-----	-----	Do.
Tony B-----	Jan. 18, 1955-----	Entered Port of Callao, Peru-----	Do.
Western Clipper-----	-----	-----	<i>Tony B.</i> had engine trouble.
Arctic Maid-----	Mar. 27, 1955-----	35 miles off coast of Ecuador-----	Sick crewmember aboard the <i>Western Clipper</i> .
Santa Anna-----	-----	-----	Vessel stopped, shot at, Chief Engineer William Peck severely wounded.
Magellan-----	Mar. 26, 1955-----	25 miles off the coast of Ecuador-----	Vessel impounded. \$43,481.20 fine imposed.
Western Pride-----	-----	-----	Vessel seized. \$5,881.10 fine imposed.
Katie Lou-----	Nov. 25, 1955-----	3°4' south latitude, 80°43' west longitude (18 miles from Santa Clara Island, Gulf of Guayaquil, Ecuador).	Vessel boarded and inspected then released.
Hlstric-----	Jan. 20, 1956-----	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador).	Do.
Santa Anita-----	-----	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador).	Seized and taken into port of Guayaquil. Released Nov. 28, 1955. Other vessels were boarded, but their names are unknown. Ambassador of Peru notified by letter from ATA dated Nov. 23, 1954.
Commodore-----	Jan. 29, 1956-----	32 miles, 280° true from Cape Pasado, Ecuador-----	Vessel stopped by Ecuadoran naval vessel <i>Atahualpa</i> ordered to proceed to nearest port. Ship's documents taken and then vessel released.
Normandie-----	Dec. 13, 1957-----	19°45' south latitude, 70°37' west longitude (20 to 25 miles off the coast of Chile).	Vessel stopped by Ecuadoran naval vessel <i>Athualpa</i> , ship's documents taken and then vessel released.
Shamrock-----	Feb. 7, 1961-----	Off coast of Ecuador beyond 3 miles-----	Vessel stopped by Ecuador patrol vessel, <i>President Valasco</i> , detained 1 hour, boarded by armed personnel. Released after search indicated no bait. ATA sent letter dated Feb. 8, 1956, to the Secretary of State, outlining the above events.
Do-----	Mar. 21, 1961-----	11.9 miles off island in Gulf of Panama-----	Chilean airplane shot across the bow of vessel, ordered vessel to go into port of Iquique. Other vessels in vicinity, <i>Chicken of the Sea</i> , <i>Starcrest</i> , <i>Southern Pacific</i> , and <i>Excalibur</i> . Total fine imposed, \$6,000.
Normandie-----	May 1961-----	11 miles off Manta, Ecuador-----	Ecuadoran gunboat stops vessel, master of <i>Shamrock</i> leaves his vessel and shows documents to patrol boat.
Do-----	Nov. 29, 1961-----	15 miles west of Cape Pasado-----	Vessel seized, crew and master imprisoned by Panama. Paid \$2,500 fine plus costs. At time of seizure vessel having mechanical problems and under repair.
Nautilus-----	Dec. 15, 1961-----	Salinas, Ecuador-----	Vessel stopped, fishing activities interrupted, and master left and boarded Ecuadoran patrol vessel. License and other ship's documents inspected.
Equator-----	Jan. 27, 1962-----	Sank approximately 40 miles off Gorgona Island, Colombia.	Vessel permitted to continue fishing. 4 other vessels in vicinity.
San Joaquin-----	Feb. 12, 1962-----	Seized about 8 or 9 miles off the coast of Colombia.	Vessel stopped by Ecuadoran patrol boat while it was working on school of fish. Papers inspected and then vessel released.
Jo Linda-----	Feb. 23, 1962-----	4°10' north latitude, 78°10' west longitude (25 miles off the Colombian coast).	Master required to pay port captain in Salinas, Ecuador, \$300 to avoid trouble with authorities and fish off the coast. This vessel has paid \$200 for annual registration fee and \$4,834 for fishing license for trip commencing on Nov. 22, 1961.
Saratoga-----	-----	4°10' north latitude, 78°10' west longitude-----	Crew used vessel's powerboat to escape to Gorgona Island. Crew denied opportunity to purchase fuel, and required to leave the small vessel at the island. After clearance from U.S. Embassy in Bogotá and Colombian authorities, MV <i>Cabrillo</i> went to Gorgona Island to pick up powerboat. At island, master of <i>Cabrillo</i> was told that powerboat would not be released. Commandant on island told him that unless the <i>Cabrillo</i> leaves, the vessel would be seized and fined. Powerboat was eventually removed from island after U.S. Embassy took further action.
-----	-----	-----	Colombian patrol vessel <i>Arc Gorgona</i> seized the vessel, placed armed guards aboard. Vessel fined \$2,318.20; vessel released.
-----	-----	-----	Colombian gunboat No. 71 came on the vessel during early morning hours, fired 12 rounds. <i>Jo Linda</i> escaped into the darkness after a 30-minute chase.
-----	-----	-----	Same Colombian gunboat that shot at <i>Jo Linda</i> chased <i>Saratoga</i> , darkness prevented capture.

Seizures, detentions, and other harassments of tuna vessels—Continued

THE FOLLOWING INFORMATION IS BASED UPON OFFICIAL BUSINESS RECORDS OF THE AMERICAN TUNABOAT ASSOCIATION, UPON AFFIDAVITS OF MASTERS OF TUNA CLIPPERS, AND UPON VERBAL REPORTS RECEIVED BY THE ASSOCIATION FROM OTHER MASTERS AND MANAGING OWNERS OF TUNA CLIPPERS—Continued

Name of motor vessel	Date	Location	Remarks
Western Ace	Mar. 28, 1962	Off coast of Ecuador beyond 3 miles	Vessel seized, held in port of Salinas for 3 days. No fine imposed.
Normandio	Apr. 3, 1962	00°08' south latitude, 80°59' west longitude (28 miles west of Cape Pasado, Ecuador.)	Stopped by Ecuadoran patrol vessel. Master of <i>Normandio</i> left vessel, and showed logbook and other documents.
Constitution	Apr. 16, 1962	1°05' north latitude, 80°21' west longitude (20 miles northwest of Punta Galera, Ecuador.)	Ecuadoran patrol vessel <i>President Velasco</i> stopped vessel and requested master to leave vessel. Vessel boarded by armed personnel, who checked papers and then released the vessel for fishing.
Normandle	Apr. 17, 1962	2°10' south latitude, 81°08' west longitude (8 miles west of Cape San Elena, Ecuador.)	Vessel was setting net; armed men from Ecuadoran patrol vessel boarded and inspected the ship's log. Master of the vessel ordered into port of Salinas. Master paid captain of port \$60 and left to continue fishing.
Lou Jean	Apr. 28, 1962	About 15 miles off coast of El Salvador	Vessel shot at, boarded, and seized while it was en route to San Diego with load of fish caught 80 miles off Costa Rica. No fine.
Mauritani	June 1962	Peruvian coast	Vessel chased off fishing banks 25 miles off Peruvian coast by Peruvian patrol vessels.
Scapreme	Aug. 3, 1962	Beyond 3 miles off coast of Ecuador between Manta and Isla La Plata.	Vessel seized and taken into port and held for about 5 weeks. No fine imposed.
White Star	Aug. 6, 1962	5 miles off Isla La Plata, Ecuador	Vessel boarded by armed soldiers and commandant of the island. Threatened to seize the vessel. Master gave whisky and tuna, then vessel permitted to continue fishing.
Cabrillo	Aug. 24, 1962	Galapagos Island, Ecuador	Vessel taken under custody on ground ship's papers irregular. Vessel released for fishing after a few days delay. No fine imposed.
Larry Roe	Sept. 10, 1962	do	Vessel held under custody on ground that it abandoned islands without proper clearance, and that it unloaded fish in Panama. Released Sept. 13, 1962. No fine on vessel but master fined.
Chicken of the Sea	Oct. 28, 1962	12 miles off Peru	Fined \$5,000 for fishing without license.
Western Ace	do	do	Fined \$10,000 for fishing without license.
Mayflower	Nov. 5, 1962	Peru	Seized and fined \$4,000 for alleged fishing without license in Peruvian waters some 6 months earlier.
Nautilus	Nov. 14, 1962	do	Forced into port but released within 24 hours without any fines.
Royal Pacific	do	do	Do.
Elsinore	Nov. 18, 1962	Galapagos, Ecuador	Taken into custody but released without fines.
Larry Roe	do	do	Taken into custody and fined \$150.
Cabrillo	November 1962	15 miles off Ecuador	Harassment by patrol boat but evaded seizure under cover of darkness.
Ecuador	do	do	Do.
Jeanne Lynn	do	do	Do.
White Star	May 25, 1963	5.5 miles off Ecuador	Fined \$11,184 and charged license fee of \$3,002.
Ranger	do	do	Fined \$9,504 and charged license fee of \$2,582. The <i>White Star</i> and <i>Ranger</i> were joined by 19 other vessels as a protest. The 19 vessels were not charged or held.
Espiritu Santo	June 12, 1963	Ecuador	Held temporarily pending issuance of a matricula.
United States	June 19, 1963	do	Boarded but released.
Ranger	June 28, 1962	Isla de la Plata, Ecuador	Do.

Mr. KUCHEL. Mr. President, I now read some excerpts from the certified reports of the masters of some of the many vessels which have been harassed, seized, or detained. Their accounts in the 20th century are simply unbelievable. This Nation underwent similar treatment by the Barbary pirates, but one would not think that the supposedly free, friendly countries of this hemisphere would undertake similar acts.

Listen to Joe Lewis, master of the American fishing vessel *DV American Boy*, who described the harassment of 20 or so American vessels by Peruvian patrol boat No. 69, which, ironically enough, is a former vessel of the U.S. Navy. Lewis describes how, during a fishing trip that started on October 15, 1962, and ended on January 16, 1963, he went into the Peruvian port of Talara to purchase a Peruvian fishing license. He knew that he would be fishing 10 to 30 miles off Peru, but he "knew of the chasings, boardings, and seizures of tuna vessels, and that forced me to buy a license because of the thought of my vessel being seized and taken into a Peruvian port and being delayed." Lewis states:

"Every day for a week a Peruvian patrol boat, cruiser type, No. 69 (ex-U.S. Navy vessel) would chase us, blinking his lights for us to stop. I would have to slow the vessel down, turn my boat around so the patrol boat could get a look at the name of the boat, and then the patrol boat would proceed on its way, and we would then continue our fishing. Sometimes this patrol boat would chase some boats two or three times a day, some days he would bother the vessels in the vicinity just once a day. I have been fishing for 23 years, and this is the first time a patrol boat chased me. I was never closer than 7 miles from the beach."

Listen to the sworn statement of George Zeluff, master of the American fishing vessel *DV Elsinore* describing events off the Galapagos Islands on November 18, 1962. Zeluff had purchased an Ecuadoran fishing license

for approximately \$2,400 in Panama on his way to the area. This permitted him to fish in Ecuadoran waters within the 3-mile limit. Off the Galapagos Islands, an Ecuadoran patrol boat stopped his vessel and asked him to bring his papers over for inspection. Zeluff did this. The Ecuadoran captain looked at his papers and then stated that he wanted the *Elsinore* to proceed immediately to Wreck Bay, San Cristobal Island. The captain kept the papers. However, before leaving the cabin, Zeluff noticed that his name was on a folder which the captain had before him. Zeluff presumed this was a list of the names of vessels and names of skippers that purchased licenses from the Ecuadoran Government. "He knew we had a license but wanted to go through the formality of clearance," wrote Zeluff.

At Wreck Bay, the commandant awaited them. "Unfortunately," he said, "they would have to wait until the patrol boat got into port since the captain had their papers." Again, the Ecuadoran vessel was a former U.S. vessel. The next morning the commandant told Zeluff that he would have to fine him \$50 since he did not go directly into port for clearance. All this, despite the fact that the patrol boat had not yet arrived. Zeluff then charted graphically the direct course for the captain. The result was that no fine was paid and the papers were restored to him. Another example of delay in the ability of American citizens to earn their legitimate livelihood on the high seas. Concludes Zeluff:

"When I buy a license to fish off the Ecuadoran coast, I buy it because I am afraid of seizures outside of 3 miles. Fishing conditions off the Ecuadoran coast don't require us to fish within 3 miles."

Some would call this blackmail, Mr. President.

Listen to Tom Santos, the managing owner of the American fishing vessel *DV Ronnie S*. He states in his report describing harassment off of Ecuador:

"I also know that on the basis of what has happened to me in the past, nothing would be done by our Government to prevent the actual seizure; and I did not know what would be our Government's reaction after the seizure. And how long it would take our Government to get us released. I have to be constantly concerned about the high cost of operating my vessel, and you don't catch tuna in port, especially if you are under custody of a foreign government."

What a sad day for an American citizen when he feels his Government will not back him up.

I mentioned earlier that the only claims which have been filed under Public Law 680 were against Ecuador for incidents which occurred almost 8 years ago. Yet the incidents continue. So do the payments from the U.S. Treasury to reimburse the American fishermen. Through fiscal year 1963, our Government had paid out a total of \$131,646.80 to American fishermen who had filed the appropriate claims. There are many other claims yet to be filed.

William T. Kuuse, master of the American fishing vessel *Cabrillo*, reports that on August 6, 1962, he was boarded by Ecuadorans. The captain of the port of La Plata was in charge of the boarding party. The Ecuadorans were in a regular fishing vessel, yet uniformed men were on board. Kuuse produced a radiogram indicating the existence of a valid Ecuadoran fishing license. The captain of the port claimed it was a restricted area and that he wanted to take the *Cabrillo* into Manta.

Now listen to this:

"He then acted and talked as though he was interested in a handout. He asked me about the payment of money to him. We told him that the vessel had no money, but we did offer him cigarettes and whisky. He accepted this offer * * *. We gave him nine cartons of cigarettes, and seven bottles of whisky. We also gave him 4 or 5 tons of tuna we had in the nets. There was no real

inspection of the vessel by the captain of the port or the other Ecuadorans."

The harassment was over as a result of tuna, cigarettes, and whisky.

I have on file similar statements by the dozens.

The question now is what should be done about this and similar petty and major outrages?

On October 24, 1963, Under Secretary of the Interior James K. Carr replied on behalf of the Department of the Interior to a letter I had earlier written on this matter. He noted that his Department "is deeply concerned with the problem and the need for effective remedial action." The Under Secretary writes that Interior has worked closely with the State Department "over the years seeking solutions through customary diplomatic channels." He points out, however:

"These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before."

Mr. Carr states that the amendment which I have introduced on behalf of myself and my colleague from California [Mr. Engle] "is one such course of action." The Under Secretary adds, on behalf of the Department:

"It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment."

He is absolutely correct. Now is the time for the elected and executive representatives of the American people to stand up and be counted on this question of the protection of American citizens' rights on the high seas. The freedom of the seas must be preserved. The Senate of the United States now has a historic opportunity to keep faith with a proud tradition and to reassert this doctrine so that all the world will know that freemen everywhere shall be able to continue to earn their livelihood by fishing beyond the recognized international territorial limits of any nation.

Mr. President, I ask unanimous consent that the letter to me from Under Secretary Carr, dated October 24, 1963, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., October 24, 1963.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: Reference is made to your letter of October 17, 1963, regarding the harassment of U.S. fishing vessels off the coasts of various South American countries. The Department of the Interior is deeply concerned with the problem and the need for effective remedial action.

We have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year.

These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful. The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before.

The amendment to the Foreign Assistance Act of 1961 which you and Senator ENGLE have proposed is one such course of action. The bill introduced in the Senate by Senator ENGLE (S. 1651) is another, as are those introduced in the House by Congressmen VAN DEERLIN and PELLY (H.R. 6656 and 7815). Our reports on these bills are in course of preparation. They illustrate approaches that merit serious consideration unless efforts through customary channels show striking progress. A most effective sanction, if other considerations warrant it, would be to deny to a country which harasses U.S. fishing vessels the privilege of marketing its fishery products in the United States. It seems to us also that there is a question of the propriety of giving aid to governments which engage in such harassment.

We appreciate the interest of Members of the Congress in this matter and their initiative in taking action which points the way to effective remedies. We are compiling a list of the violations of the rights of U.S. fishing vessels on the high seas off South America in recent years and will forward this to you in the next few days.

Sincerely yours,

JAMES K. CARR,
Under Secretary of the Interior.

Mr. KUCHEL. The letter in part reads as follows:

"We," meaning the Department of the Interior, "have worked closely with the Department of State over the years seeking solutions through customary diplomatic channels. In this connection, you will doubtless recall that representatives of the Department have been active in the negotiations with Ecuador which have been underway almost continuously since June of this year."

"These efforts to work out solutions through diplomatic channels, although in some cases useful, in general have not proved overly fruitful."

I repeat that statement. The Department of the Interior and the Government of the United States affirmatively state that our effort to work out the problems of illegal seizure of American tuna boats on the high seas has not worked out very well through the use of diplomatic channels.

The letter continues as follows:

"The same may be said of attempts to find solutions in large multilateral international conferences, and it becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before."

I agree. I salute the Department.

I repeat:

"It becomes increasingly clear that the United States must take perhaps more drastic action to protect its fishermen than it has taken before."

Hallelujah, Mr. President. That is the basis on which two Californians offer the Senate an opportunity to deny any Alliance for Progress assistance if, in the language of our amendment:

"Such country as (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond three miles from the coastline of such country, and (2) hereafter imposes any penalty or sanction against any United States fishing vessel on account of its fishing activities in such area."

That means that the amendment is prospective in character. It is not retroactive. We then go on to say in our amendment:

"The provisions of this subsection shall not be applicable in any case in which the extension of jurisdiction is made pursuant to international agreement to which the United States is a party."

That language is in our amendment, so that there is a flexibility written into this provision of our amendment clothing the executive branch of our Government with

the right to negotiate relative to international agreements with any country or group of countries with respect to the question of extending the territorial jurisdiction seaward of the traditional or historical 3-mile limit.

I ask unanimous consent to have printed at this point in the RECORD the resolution by the American Tunaboat Association, a letter from the Seafarers' International Union of North America, a letter from the Cannery Workers & Fishermen's Union, and sundry telegrams from interested citizens all favoring the pending amendment.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. KUCHEL. If my able friend will permit me one moment, I wish to yield first to my colleague from California.

Mr. MURPHY. Mr. President, I congratulate my esteemed colleague the senior Senator from California for bringing this matter to the attention of the Senate and for offering this amendment. I concur in it.

One of the problems has been that there have been elastic rules. Some countries claim jurisdiction 200 miles from their shoreline; some 12 miles; some 3 miles.

I sincerely hope that the action of my colleague in bringing this matter to the attention of this august body will bring this problem within the framework of action which will bring about a solution of the problem which has bothered many other countries as well as our own.

I am glad to be a cosponsor of his amendment.

Mr. KUCHEL. I thank my colleague. I am honored, as the people of California are, I am sure, that he has joined me in the amendment.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to my friend from Washington, who, I am glad to note, is a cosponsor of the amendment.

Mr. MAGNUSON. What the Senator from California has stated probably points up more vividly than anything else the necessity of having some kind of international conference on conservation on the high seas and the rules of the game. It is interesting, in noting that Peru claims jurisdiction 200 miles out from her shores, to remember that the late President Roosevelt established a military line during World War II, to the effect that we would attack any enemy approaching 200 miles within the shores of our friends to the south.

The Peruvians have since used that distance as the line for fishing. It was never intended to be a line for fishing. We have had some troubles with Japanese fishermen. It is time to sit down and tell the other nations that we are going to have some definite rules of conservation for fishing on the high seas; and that if we do not, there will be no fishing left on the high seas.

Mr. KUCHEL. The Senator is eminently correct.

Mr. MAGNUSON. The Peruvians say, "If you buy a license, you can come to fish." That is a bit of legalized pressure, or even legalized blackmail.

Mr. KUCHEL. The Senator is correct.

Mr. MAGNUSON. Perhaps the Senator's amendment does not belong in this particular bill, but sometimes one's

patience is exhausted and we are forced to do something once in a while to remind people, whether they be in South America, Japan, or operating in the Bering Sea, that we should sit down and draft some rules so that people can fish on the high seas and still conserve those fisheries.

There is no other answer to this problem. These people run all over us. Someone has suggested that this problem should be settled in a diplomatic way. The trouble is that it has not been settled in a diplomatic way. The Senator from California has no other choice, I have no other choice, the Senator from Alaska has no other choice, but to suggest this amendment to the bill. It is suggested that the representatives of the countries involved should sit down and reach a solution of these problems in a diplomatic way, but they do not want to do it. They run all over us, and use us for everything. I am like the Senator from California—I am becoming a little tired of people running over us.

That is why I join the Senator in supporting his amendment.

Mr. KUCHEL. I wish to thank my friend, the Senator from Washington. There is no U.S. Senator who is more intimately acquainted with these problems than the Senator from Washington. This problem is not going to be solved by acceding to another country attempting to claim jurisdiction 200 miles seaward.

Mr. MAGNUSON. This is not an isolated, new case. This has been going on for a long, long time.

Mr. KUCHEL. The Senator is correct.

Mr. MAGNUSON. It goes on and on and on. I have listened to the argument in Peru that President Franklin D. Roosevelt during World War II established the 200-mile line where we stated that it was not neutral territory. That, there, was good reason for it, but they have taken the line for fishing.

I believe that Ecuador is doing the same thing. Chile, also, in some respects; and I believe it is time—

Mr. KUCHEL. That is true.

Mr. MAGNUSON. It is time that we told these people that they had better sit down with us in an international conference and work out some decent, honest, sensible rules of the game for fishing on the high seas and to practice conservation, because if we do not do so, if this sort of thing continues as in the Bering Sea in Alaska, and south of the Aleutian chain, in 25 years' time there will be no fish for anyone to catch.

Therefore, I join wholeheartedly with the Senator from California [Mr. KUCHEL] in supporting his amendment.

The South American countries talk about their people having to make a living. Of course, we wish the Peruvian people to make a living by fishing if they wish to do so, but in San Pedro, Calif., there are literally hundreds of people who have to rely upon decent, honest fishing for tuna on the high seas. They also practice conservation. These other nations do not. But, if they purchase a license, they can get in on the act.

Mr. KUCHEL. I thank my friend the Senator from Washington.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Does the Senator from California yield to the Senator from Wisconsin?

Mr. KUCHEL. I am glad to yield to my friend the Senator from Wisconsin.

Mr. NELSON. I understand that a fishing boat from any country can go down to Peru and purchase a license and fish within the 200-mile area; is that not correct?

Mr. KUCHEL. The Senator is correct.

Mr. NELSON. Were all the American ships involved in the incidents the Senator has recited fishing admittedly within the 200-mile limit?

Mr. KUCHEL. The Senator is correct.

Mr. NELSON. In the case of the ship which brought the team in which came in with the sick engineer, were they charged with, and did they admit having fished within the 200-mile limit?

Mr. KUCHEL. There is no question about that. The answer is "Yes."

Mr. NELSON. What do we recognize for the purposes—

Mr. KUCHEL. Three miles, plus 12 miles historically in the gulf.

Mr. NELSON. In other words, any other country could fish within the—

Mr. KUCHEL. The Senator is correct. Four miles out constitutes international waters, and freedom of the seas.

Mr. NELSON. What is generally accepted as being international law?

Mr. KUCHEL. I would bow to the superior wisdom of the Senator from Washington on this question—but the general acceptance is a tendency toward 12 miles rather than to 3 miles. But, 3 miles is historic. To contend that one can assert jurisdiction seaward 200 miles is fantastic.

Mr. NELSON. Are there any other countries in the world which assert jurisdiction 200 miles seaward?

Mr. KUCHEL. There are.

Mr. NELSON. What countries would they be?

Mr. KUCHEL. Mainly in this hemisphere. Chile, Ecuador, and Peru are examples.

Mr. NELSON. That is 200 miles?

Mr. KUCHEL. The Senator is correct, but the major countries of the world have not tried to do this. The Senator from Washington put his finger on the basis on which our neighbors to the south have attempted to justify this jurisdiction, but the United States is not going to attempt to assert its jurisdiction 200 miles seaward. Neither are any of the other major maritime nations of the world. But the trend is dangerous. If this country were placed in the position of acquiescing to a fantastic claim of 200 miles seaward jurisdiction on the part of one country in this hemisphere, we would be doing more than ruining sound conservation, we would be doing more than damaging or failing to protect our fellow Americans. We would be damaging our own security interests.

Mr. MAGNUSON. We would be closing about 17 places in the world as to jurisdiction on navigation, but fishing would be a different thing, when we are trying only to suggest that we have fishing rules on the basis of a historic limit

which has been in existence over the years.

Mr. KUCHEL. For centuries.

Mr. MAGNUSON. In New England and other places, but we never objected. We must sit down with those people and talk to them and attempt to reach an agreement.

Mr. NELSON. Can the Senator tell me whether the Japanese have ever made this assertion?

Mr. KUCHEL. The Japanese Government?

Mr. NELSON. Yes.

Mr. KUCHEL. No—not over 12 miles, in any event; as of 1963, the Japanese claimed 1 league.

Mr. NELSON. To refresh my memory, I remember listening to debate on this same question 2 years ago; and it was my understanding that the argument was made that this was not an appropriate amendment to include in a foreign aid bill; is my memory not correct?

Mr. KUCHEL. Two years ago.

Mr. NELSON. Two years ago. I recall that the argument made then was that this amendment was not an appropriate amendment to attach to the foreign aid bill. In any event, countries often negotiate settlement of this matter; was that not the argument made at that time?

Mr. KUCHEL. That argument was used by those who opposed my amendment. They did not prevail. They lost in the Senate.

Mr. NELSON. The amendment was adopted and was taken to conference and was later removed in conference.

Mr. KUCHEL. I regret that that was the fact.

Mr. NELSON. Is the Senator aware of our Government being connected with any negotiations on this specific problem in the past 2-year period?

Mr. KUCHEL. In the past 2 years?

Mr. NELSON. Since the amendment was adopted 2 years ago.

Mr. KUCHEL. Two years ago, it is quite fair to say, the State Department attempted to enter into an agreement with a number of our so-called South American neighbors. My recollection is that their attempts were unavailing. However, once again, this rash of arrests at gunpoint 96 miles seaward off the coastline of Peru have taken place. Let me say to the Senator that if the Senate adopts my amendment today—the same amendment which was adopted 2 years ago—in my judgment, it will strengthen the hand of the Government of the United States in any potential negotiations in the future, because the U.S. Senate will have ruled on the problem.

Mr. NELSON. One more question. I understood the Senator to say that any country could go to Peru and purchase a license. Why is the license fee different in the cases the Senator cited? Someone paid \$9,000 and someone else paid \$2,700.

Mr. KUCHEL. I suppose the tonnage of the craft involved was one of the criteria used. I do not know. But this rash of arrests and violent discrimination of the historic doctrine of freedom of the seas broke out a week ago yesterday.

Mr. NELSON. How much foreign aid did we give Peru last year?

Mr. KUCHEL. I believe it was \$5 million plus.

Mr. NELSON. How much did the Export-Import Bank give? Does the Senator have any figures on that?

Mr. KUCHEL. I do not have any figures on that at the moment.

Mr. MAGNUSON. I believe the Senator will discover that the destroyers who did the shooting were built in the United States.

Mr. GRUENING. They were given to Peru as a part of foreign military aid, I believe.

Mr. MAGNUSON. I have not checked this—I wish to be sure—but I am rather sure that the destroyers the Peruvians used were ones which we built.

Mr. GRUENING. I believe the Senator is correct.

Mr. KUCHEL. Mr. President, I yield to my distinguished friend, the Senator from Alaska, who, I am glad to state, is a coauthor of the amendment.

Mr. GRUENING. I thank the distinguished Senator from California. I think the phrase, "This is where we came in," is very appropriate.

As has been pointed out in the colloquies during the past few minutes, there were, 2 years ago, similar flagrant violations and acts of ruthlessness on the high seas by several of the governments on the west coast of South America. At that time the Senator from California offered a similar amendment. It was opposed on the floor on the ground that we should not handle this problem in this way, that it should be handled by diplomatic approach, that the State Department must move in and negotiate a settlement. It was said in other words, that that was the way to do it.

What happened? When we went to conference, the opposing arguments of the State Department prevailed. They said they would handle the problem.

Two years have passed since then. The same offenses are being repeated. I am not hopeful, but I would hope that this amendment, if enacted, would not suffer the same demise in conference that the previous similar amendment suffered. History would not be repeating itself so often if we were firmer in these matters. The Senator's amendment is the way to stop these abuses. If we say we will leave it to diplomacy, but the other people do not heed our urgent pleas, then we do better by adopting such amendment.

I support the amendment. Several countries have committed outrageous acts. Countries which are receiving our bounty and are performing them should be rebuked by the simple method of not giving them any more funds.

I should like to see the amendment amended to provide that any fines which have been levied shall be refunded to the victims, so that the provisions of the amendment will apply not only to the future, but also to situations in which our citizens have been brutally treated and fined and humiliated, at gun point, and that they will not suffer the consequences of such indecent acts.

Mr. KUCHEL. I thank the Senator.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. HOLLAND. If the distinguished Senator from California will allow me to say a word, I point out that somewhat similar actions have occurred in the Gulf of Mexico and in the Caribbean, committed by friendly countries there. We have had continued troubles of this kind with respect to our quite large shrimp fleet from Florida and other States along the gulf.

I should like to make three comments, if I may.

The first is that the State Department has been exceedingly diligent, rather than otherwise, in trying to negotiate this matter to a settlement. I regret that it has been unable to do so. These countries do not claim a 200-mile expanse out into the caribbean or the gulf, but they do claim a much longer distance than we are accustomed to claim. We generally claim 3 miles, except as to certain places in the gulf.

First, I wish to state that the State Department has been exceedingly diligent. It has been trying its level best to bring about a diplomatic settlement of this problem with the Republics of Mexico, Nicaragua, and Honduras, but has failed.

Second, I support the amendment, because it is only by voting for an amendment of this kind that we can show that here is a situation that should be terminated and that we do back the State Department in its urgent insistence that the problem be straightened out diplomatically.

However, I would prefer, so far as I am concerned, that two changes be made in the amendment.

First, I should like to leave out the words "under the Alliance for Progress," because the nations along the west coast and the east coast of Latin America are not the only ones in the world which now are claiming a great deal of further jurisdiction for fishing purposes. I do not wish to make it appear that we are making this apply only to these nations, which in general are our good friends.

Second, I would rather have a fixed mileage inserted in the amendment, whatever that might be, than to have it left as it is now, for several reasons; first, that we recognize two different mileages ourselves, one with respect to all maritime States except as to certain States along the gulf, and another as to certain States along the gulf. Second, this is a question which has come before the International Court, which that Court has found to be a very difficult matter to straighten out. In the case of the Norwegian boundary, for control of fishing, they ruled that in that case it extended, as I recall, 4 miles out beyond some outer islands, which are a considerable mileage themselves beyond the mainland of Norway.

The next reason why I think we should have a fixed mileage is that we have tried in the General Convention of the nations of the world to arrive at a fixed mileage greater than our 3-mile limit. We have supported a fixed mileage greater than

that. We came within one or two votes, I believe, of achieving that purpose. The Senator from Washington [Mr. MAGNUSON] keeps up much closer with these matters, and he will correct me, I am sure, if I am in error, but I believe we lost by one vote in getting a required consensus, whatever it was, of bringing the nations of the world in this convention to reaching a common agreement on what mileage should be specified as international law.

If this amendment goes to conference—and I hope it will—I would like very much to have the conferees consider putting in there the mileage which we offered in this convention and came within an eyelash of having adopted, rather than the 3-mile limit.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KUCHEL. Mr. President, will the Senator from Arkansas yield me 2 minutes?

Mr. FULBRIGHT. I yield 2 minutes to the Senator. Then I shall wish to say a few words about it, and the Senator from California may engage in colloquy with me on it then.

Mr. HOLLAND. I believe the amendment can be strengthened and be made much less hostile in its application with respect to certain nations which in the main are friendly to us by adopting the two suggested changes I have offered. Of course I shall support the amendment because I find there is no other way to show our complete disapproval of the rugged treatment our boats have been getting, both on the west coast and on the east coast of certain Latin American nations.

Mr. KUCHEL. I thank my friend from Florida. I modify my amendment by striking out the words "under the Alliance for Progress." In that way we can provide a denial of assistance across the board.

I must decline to accept the second recommendation of the Senator from Florida. In the long run, if this amendment were to become law, it would still provide sufficient flexibility on behalf of our executive branch to reach an appropriate and reasonable decision with respect to this subject. I should like to accept his first suggestion, but not his second.

Mr. HOLLAND. I thank my friend. I made the suggestion because our country has taken a stand for a limit beyond the 3-mile limit, and came within one or two votes, I believe, of having that suggestion adopted as international law.

Mr. FULBRIGHT. Mr. President, I yield myself 3 minutes.

I know that this amendment is well intended. Its purpose is good. However, it is the kind of amendment that has soured me on the foreign aid bill. It has nothing to do with the aid bill. It is the kind of amendment that casts discredit on the whole activity of AID, because it relates to diplomatic and perhaps even military matters. If the Senator wishes really to be effective, we could have the U.S. Navy go down there and sink that destroyer, whether or not it was supplied by us in the first instance. That would get action.

To make a small amount of aid dependent on these conditions is the worst kind of distortion of aid. It lends credence to one of the most general criticisms, namely, that we are trying to buy the subservience of the world by handing out a few dollars. I always regret that we are accused of that. This is the worst kind of dollar diplomacy.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KUCHEL. If my able friend really means it when he suggests that the U.S. Navy proceed to Peruvian waters and intercept or otherwise interdict the movements of a Peruvian man-of-war, I do not doubt that he would have some groups cheering him. I am sure that he says that in jest. He has a hard enough task getting this legislation through the Senate. Here, I believe, the bill should be amended in this proposed fashion.

Mr. FULBRIGHT. It is not the proposed legislation. There are other ways to approach the question.

To refresh the minds of Senators, under the United Nations a conference was held on the law of the seas and methods that might be followed. Many countries which are involved were heard. As someone has said, that conference came within one or two votes of agreement.

Mr. President, that is the way to solve the problem. It still is the only way to solve it. Our efforts ought to be directed toward entering into an agreement on a general program to solve the problem. The proposal is a distortion of aid. It is a proposal to use aid to try to buy subservience to general principles and to what our idea of what international law should be. If that principle is applicable in the present case as to the law of the sea, it could be applicable to anything else. If we started that kind of program, I could request that no aid be given to any nation that does not accept Arkansas poultry tax free. Such a measure would be fine. My people would applaud it. It would make recipient countries buy Arkansas poultry. They would have to get it from us.

So there are all kinds of extraneous, ulterior purposes that we could achieve. I am as much for selling poultry as I am for helping the tuna fishermen. I am for the tuna fishermen. But the proposal is not the way to help them. It will only discredit the aid program. The proposal would make the bill a kind of catch-all for everyone's grievances. There are plenty of grievances to go around. The proposed amendment is not the way to solve them.

When we get to conference, I believe Congressmen will recognize that this is not the way to solve the grievances.

I do not think the proposal would help in the case of Peru in the slightest. A very small amount of aid is involved. Peru could live without it. This measure would probably infuriate the Peruvians. They would probably say, "Those big rich so-and-so's can't make us do this. They can go straight to—" which a number of countries have said.

I do not believe that we should put them in that position. There are other

ways to go about handling the problem. It might be handled through the State Department, or if we should decide to be really tough, our approach ought to be through the Department of Defense. If we really desire that kind of approach, we ought to say, "No military assistance should be given to a country that takes in our boats." I do not advocate such a measure, but in any case I do not believe that the aid program should be made to bear the burden of all grievances that accumulate from all sources. Clearly the proposal is not a part of the aid program.

Mr. President, I ask, as a parliamentary inquiry, whether the amendment is germane to the aid bill? We are operating under a unanimous-consent agreement that no nongermane amendments may be considered. I believe that the amendment is alien to the aid bill. It is an effort to cure or to reach an affront that is very legitimate affront. I do not deny that the Senator from California has a grievance. What we have heard is a very uncivilized thing to do to the tuna fishermen. It is an affront to the United States as a whole. But it does not have anything to do with the aid program. It is brought in here by the back door and an effort is made to attach it to the bill. The Senator has many precedents for the proposed action. The Senate has often done it. I do not complain about the Senators action, but I have always disapproved of that approach, as the Senator knows. I have never approved efforts to use the foreign aid bill to try to open the Suez Canal or to criticize someone for bigotry, as was done in the past year or so. These irrelevant matters should not be brought into the aid program. The foreign aid program has plenty of burdens of its own.

Mr. President, I should like to make the point of order—

Mr. AIKEN. Before the Senator makes his point of order, will he permit me to ask a few questions?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. Does the Senator from Arkansas understand that the boundaries which the amendment would establish for fishing purposes in other areas also apply to the coastal waters of the United States?

Mr. FULBRIGHT. These countries are asserting boundaries far different from ours.

Mr. AIKEN. However, would the same principle apply to the waters of the United States beyond the distance recognized by the United States?

Mr. FULBRIGHT. I am not sure I understand the Senator's question.

Mr. AIKEN. For example, if we should recognize a distance of 6 miles from the Peruvian shore as the proper limitation of Peruvian waters for fishing purposes, would we then expect that the same distance would be applicable for fishing purposes with respect to U.S. waters?

Mr. FULBRIGHT. I would assume that would be true.

Mr. AIKEN. What is sauce for the goose should be sauce for the gander—and in this case we would be the gander.

Mr. FULBRIGHT. I do not know that that is what the Senator was seeking.

A reasonable interpretation—although we are not always reasonable—would certainly contemplate that we would apply to ourselves any restriction that we would try to place upon others.

Mr. AIKEN. My next question is as follows: Would a limitation established for fishing purposes apply also for other purposes, such as oil exploration or perhaps sponge fishing, if the fishermen go out that far for sponges? Would we have a different limitation for different commodities?

Mr. FULBRIGHT. We certainly assert rights in the field of oil exploration that we do not in others. As far as oil rights are concerned, we apply the principle of our rights extending to the Continental Shelf, not the territorial limits.

This is a complicated question which we cannot solve by the amendment. Many other questions arise. For example, why should we apply the proposal only to Latin America?

Mr. KUCHEL. I have now modified the amendment by striking out "under the Alliance for Progress."

Mr. FULBRIGHT. The amendment would apply to Africa, Asia, and everywhere else.

Mr. KUCHEL. We do not have any trouble with any African nation sending its gunboats 100 miles to sea and picking up American boats. The trouble that we are having is with Peru. That is what the amendment would seek to help remove.

Mr. FULBRIGHT. We might have it—

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. On the point raised by the distinguished Senator from Vermont, I wish the RECORD to show that at the most recent international convention a rule was adopted embracing as international law applicable to all nations the so-called Truman doctrine by which, out to the Continental Shelf, oil deposits and mineral deposits can be developed and controlled solely by the nation which owns the shoreline.

Mr. FULBRIGHT. That was agreed to.

Mr. HOLLAND. Yes; that was agreed to. But we lost by a close vote the other proposal relating to fishing limits.

Mr. AIKEN. Does that same limitation apply to all commodities?

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. In Geneva we had a conference on what we call the law of the seas and whether we should extend our 3-mile limit. As I recall, the Russians and other nations desired a 12-mile limit. There was a long discussion. The conference lasted 3 weeks. A measure providing for a 12-mile limit was agreed to. The Defense Department opposed the proposal on the grounds that if we should extend the territorial jurisdiction of the nations to 12 miles, we would close many straits, such as Gibraltar and the Straits of Dover. There are 17 of them.

But all through the thread of the thinking of the conference was the fact

that for fishing a different situation applied, and that nations should have the right or at least some equity in maintaining their historical fishing grounds. For example, I refer to the Grand Banks of New England. In relation to historical fishing grounds, we could not lay a line 3 miles or 12 miles out from the shoreline. In some cases the historical fishing grounds might go out 50 miles and turn. It depends on how the shelf of the ocean is located.

We tried desperately to get the conferees to discuss navigation and territorial legal rights and to remove fishing from those. I believe the consensus of the Geneva meeting was that we should do so.

Then 2 years ago the Senate, in the Trade Expansion Act, unanimously adopted an amendment which called upon the President of the United States to call an international conference on fishing rights, which would involve the Continental Shelf and historical rights. The conference has never taken place. Meanwhile, the Senator from California and I, since the conference has not taken place, have had to resort to all kinds of other ways to call attention to the problem. As I have mentioned before, one aspect of the problem is the 200-mile limit off of Peru. Two years ago I talked to the Peruvians about the problem. They said, "This is the line that the United States set." During the war we set a line concerning which we said that any enemy warship could not come within 200 miles of Peru, Chile, or Ecuador. Indeed, we established it all over the hemisphere, stating that the waters within those boundaries were not neutral waters.

They have been using this area for fishing. Their historic fishing grounds do not extend 200 miles. The shelf does not extend 200 miles. It happens that the two currents of the ocean, the Humboldt Current and the Japanese Current, meet at that point. That is where all the plankton and other small fish congregate. It is a huge fishing grounds.

The PRESIDING OFFICER. The 2 minutes yielded to the Senator from Washington have expired.

Mr. FULBRIGHT. I yield an additional minute to the Senator from Washington.

Mr. MAGNUSON. We lost the 12-mile limit by about two votes.

Mr. FULBRIGHT. The result was close.

Mr. MAGNUSON. But it was mainly on legal and military grounds, not on fishing grounds.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. I wish to explore the exact meaning of the amendment. The amendment provides:

No assistance shall be furnished to any county which hereafter extends its jurisdiction for fishing purposes over an area of the high seas beyond that recognized by the United States.

I construe that language to mean that the United States would take it

upon itself to fix the area within which fishing might be done beyond its shores; and when it fixed such an area, the same mileage would become applicable to other nations in the Western Hemisphere.

Mr. FULBRIGHT. Everywhere.

Mr. LAUSCHE. If the United States has a right to say that the distance shall be, let us say, 15 miles, on what theory of reasoning can we deny to Peru or other nations the right to say that the distance shall be 30 miles?

Mr. FULBRIGHT. The only theory is that we are giving aid, and they are not. Therefore, they would have to comply in order to obtain aid. It is a bad theory. We are, in effect, saying, "We have set the rules, and you must comply; otherwise, you will get no aid." In my opinion, that is an improper use of the aid program.

Mr. LAUSCHE. The language of the amendment as it is now drawn would not provide for equal, mutual rights among nations of the Western Hemisphere. The United States would arrogate to itself the power to declare what the distance from shore shall be within which fishing could be done.

Mr. FULBRIGHT. That is true.

Mr. LAUSCHE. The other nations would have to abide by what we declared to be the rules.

Mr. FULBRIGHT. Or else not receive any aid.

Mr. LAUSCHE. That is correct. We do not follow that practice now, but the amendment seeks to establish such a practice. The language provides that "no assistance shall be furnished"—

Mr. FULBRIGHT. In other words, according to the language of the amendment, if other nations do not recognize what we say is the limit, they will receive no aid. We might just as well say, "If you do not recognize what we say, we will send a gunboat, for we have control over the seas."

To use the aid program in this manner is wrong. First, it is undiplomatic. If diplomacy fails, the traditional next method has been to use the Marines. But to follow the practice proposed by the amendment would be an improper use of aid. It would be beyond the scope of the aid program.

Mr. LAUSCHE. Based upon my knowledge of the Anglo-Saxon system of jurisprudence, I feel impelled to say that the basic principle underlying justice requires that rights and obligations be mutual. One cannot ascribe to himself a greater right than he is willing to give to another person who is jointly engaged in a common purpose with him.

Mr. FULBRIGHT. The Senator is correct. We tried to follow that procedure in the conference, as has been related. We came close to arriving at a mutual agreement. I hope we shall revive that effort and continue to try to reach an agreement. That is the proper way to proceed.

Mr. President, it is now 2:15 p.m. We spent an hour and a half on a noncontroversial amendment, and we have now spent an hour and a half on this amend-

ment. I am ready to vote. We spent an hour on a similar amendment last year.

Mr. KUCHEL. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. HARRIS in the chair). The question is on agreeing to the amendment of the Senator from California [Mr. KUCHEL]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from Utah [Mr. MOSS], the Senator from South Carolina [Mr. RUSSELL], the Senator from Georgia [Mr. RUSSELL], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Rhode Island [Mr. PELL]. If present and voting, the Senator from Connecticut would vote "yea" and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

The Senator from Utah [Mr. BENNETT] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], and the Senator from Texas [Mr. TOWER] would each vote "yea."

The result was announced—yeas 59, nays 24, as follows:

[No. 123 Leg.]

YEAS—59

Alken	Gore	Murphy
Allott	Gruening	Muskle
Anderson	Hartke	Nelson
Bartlett	Hickenlooper	Pearson
Bible	Hill	Prouty
Boggs	Holland	Randolph
Burdick	Hruska	Robertson
Byrd, W. Va.	Inouye	Saltonstall
Cannon	Jackson	Scott
Carlson	Jordan, N.C.	Simpson
Case	Jordan, Idaho	Smith
Church	Kuchel	Sparkman
Clark	Magnuson	Stennis
Cotton	McClellan	Symington
Curtis	McIntyre	Thurmond
Dirksen	Metcalf	Williams, N.J.
Eastland	Miller	Williams, Del.
Ellender	Montoya	Yarborough
Ervin	Morse	Young, N. Dak.
Fannin	Mundt	

NAYS—24

Bass	Javits	McNamara
Bayh	Kennedy, Mass.	Monroney
Brewster	Kennedy, N.Y.	Morton
Cooper	Lausche	Pastore
Douglas	Long, La.	Proxmire
Fulbright	Mansfield	Ribicoff
Harris	McCarthy	Tydings
Hart	McGovern	Young, Ohio

NOT VOTING—17

Bennett	Long, Mo.	Russell, S.C.
Byrd, Va.	McGee	Russell, Ga.
Dodd	Mondale	Smathers
Dominick	Moss	Talmadge
Fong	Neuberger	Tower
Hayden	Pell	

So Mr. KUCHEL's amendment was agreed to.

Mr. KUCHEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRUENING. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY of Massachusetts. Mr. President, I share the concern of the Senator from California when fishing boats are seized on the high seas by other nations. I think it is imperative that all nations understand that we will not stand by as U.S. vessels and seamen are detained for fishing in waters that are historically international.

As a Senator from a State with long tradition in the fishing industry, I fully understand the economic difficulties and necessities that cause our fishermen to seek out their catch. The fact that one nation, or a group of nations, arbitrarily decides to exclude others from the coastal areas for hundreds of miles, adds one more burden to an industry that currently is attempting to overcome many hardships.

Despite my strong views on this matter, I voted against this amendment to stop our entire aid assistance to Peru or to any other nation that restricts international fishing rights. I can see no relationship between an assistance program designed to help developing nations to grow and prosper as partners in the free world and a diplomatic dispute over fishing rights. The adoption of this amendment in effect tells the people of Peru that they must alter their position on fishing limitations or we will not assist their growth into a strong and democratic nation. We are not calling for consultation or international discussion; we are simply refusing to assist them in eliminating their slums, improving their farms, or in their defense against communism, because they are fining our fishing vessels. It seems to me, Mr. President, that these are totally unrelated matters.

Mr. ELLENDER. Mr. President, I send to the desk amendments and ask that they be stated.

The PRESIDING OFFICER (Mr. HARRIS). The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 3, line 12—

Mr. ELLENDER. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendments will be printed in the RECORD at this point.

The amendments offered by Mr. ELLENDER are as follows:

On page 23, line 12, after the word "or" insert "(except as required pursuant to agreements entered into prior to June 30, 1967)".

On page 24, beginning in line 9 with the comma, strike out all through the word "amended" in line 11.

On page 25, between lines 8 and 9, insert the following:

"(5) Assistance of the type now carried on under the Agricultural Trade Development and Assistance Act of 1954 through the use of surplus agricultural commodities. All proposals in this category shall be referred to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives."

On page 25, line 12, after "(a)" insert "and assistance of the type now carried on under title I of the Agricultural Trade Development and Assistance Act of 1954".

On page 26, line 4, strike out "twelve" and insert "sixteen".

On page 26, line 13, strike out the period and insert a semicolon.

On page 26, between lines 13 and 14, insert the following:

"(4) Two members of the Committee on Agriculture and Forestry of the Senate, to be designated by the Vice President.

"(5) Two members of the Committee on Agriculture of the House of Representatives, to be designated by the Speaker of the House of Representatives."

Mr. ELLENDER. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, on June 8, I offered an amendment that would have had the effect of striking from the bill reference to the Agricultural Trade Development and Assistance Act of 1954. The amendments were not acceptable in that form.

In the meantime I discussed the matter with the distinguished chairman of the committee, who was interested in the amendment. This morning we arrived at the point at which the amendments are acceptable to the distinguished Senator from Arkansas [Mr. FULBRIGHT], as well as the distinguished Senator from Oregon [Mr. MORSE].

These amendments would:

First. Permit contracts entered into under the Agricultural Trade Development and Assistance Act of 1954 before June 30, 1967, to be carried out in accordance with their terms.

Second. Require legislative proposals with respect to matters covered by that law to be covered in a separate category of the President's proposals under sections 702 and 703 of the bill, and preserve the jurisdiction of the Committees on Agriculture over such proposals.

Third. Provide for appointment of two members from each of the Committees on Agriculture to the Temporary Planning Committee provided for by section 704 of the bill.

The Agricultural Trade Development and Assistance Act of 1964 now authorizes the sale of surplus agricultural commodities for foreign currencies, which then are to be devoted to uses specified by the sales agreement. Sales agreements can now be entered into through December 31, 1966, and section 109 of that act now provides that no transac-

tions can be undertaken after that date "except as required pursuant to agreements theretofore entered into." Section 701 of the bill, by prohibiting any assistance being furnished pursuant to the Agricultural Trade Development Act after June 30, 1967, would prevent contracts under that act, or any extension of it, from being carried out in accordance with their terms and in accordance with that law. Passage of section 701 in its present form would cut across contracts which have already been entered into under the Agricultural Trade Development Act and prevent new contracts from being entered into in accordance with the terms of that act. The amendments would permit contracts entered into prior to June 30, 1967, under that act, or any extension of it, to be carried out in accordance with their terms.

The amendments would also require assistance of the type now carried on under the Agricultural Trade Development and Assistance Act of 1954 to be set up in a separate category of the President's legislative proposals under section 703. Section 703 now provides for four categories. The amendments would provide for a fifth category, and provide further that the proposals in that category be referred to the Committees on Agriculture. All proposals would still be included in a single package, but the proposals which fall within the jurisdiction of the Senate Committee on Agriculture and Forestry would be in a separate category within that package, and the jurisdiction of the Committee over that part of the package would be maintained.

The Temporary Planning Committee established by section 704 of the bill would make recommendations to the President prior to his sending legislative proposals to Congress. Under section 704 that Committee is composed of 12 members, 8 of whom would be members of the Foreign Relations and Foreign Affairs Committees. Since the Planning Committee would be considering matters within the jurisdiction of the Committees on Agriculture, there should be some representation of these Committees on the Temporary Planning Committee. The amendments, therefore, increase the membership of the Temporary Planning Committee to 16 and provide that the additional 4 members would be appointed; 2, from the Senate Committee on Agriculture and Forestry and 2 from the House Committee on Agriculture.

Mr. MORSE. Mr. President, I ask that the Senator yield to me 5 minutes.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the distinguished Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 minutes.

Mr. MORSE. Mr. President, the Senator from Louisiana [Mr. ELLENDER] has suggested certain changes in the language of the committee amendment as it relates to Public Law 480.

I know the Senator shares my objective in trying to bring the various forms of aid together in a package for individual countries so some policy direction can be extended that will apply to all

forms of aid, whether it takes the form of agricultural commodities, military commodities, or manufactured commodities.

His amendment takes account of the fact that agreements under title I of Public Law 480 may call for delivery over a period of several years, but they are financed by the United States in a single year. In this sense, commodity agreements are different from other foreign aid commitments, which may be negotiated without the knowledge of the Congress, but on which we are called upon to make good for 3, 4, 5, or more years whenever a foreign aid bill or appropriation is before us.

A major purpose of the committee amendments was to serve notice upon the administration and upon all countries receiving assistance that whatever had been negotiated with them under existing law was not to be considered in effect after June 30, 1967. This was to wipe the slate clean, so to speak, so that Congress could take a fresh look at aid without the necessity of considering that all the on-going programs were to be continued, no matter what conclusions its temporary planning committee might reach about the value of the programs.

However, I recognize that title I contracts call for delivery over a period of years largely because the receiving country lacks storage space for the commodities if they were to be delivered all at one time. Since these contracts do not oblige Congress to continue providing money over the period of the delivery, I believe that the exception called for in the Ellender amendment is a reasonable one.

I hope it will be kept in mind that the Temporary Planning Committee is not to plan an end to foreign aid, but how it can reasonably and usefully be continued. It will, of course, make some findings and recommendations for the extension of food under Public Law 480, including title I, to follow after June 30, 1967. But let me stress that will in no way affect the jurisdiction of the Agriculture and Forestry Committee of the Senate.

So I hope there will be no misunderstanding that the Morse amendment contemplates that no more food will be sent abroad under title I. The purpose instead is to better organize it as a part of the total aid to a given country.

I hope, also, that there will be no hasty actions downtown in an effort to enter into a lot of long-term commitments prior to the June 30, 1967, date called for in the Ellender amendment. The fact that the commitments will be honored under this amendment will be no justification for an effort to undercut the work of the planning committee.

Mr. ELLENDER. I thank the Senator from Oregon. I assure him that under the present Public Law 480 any contracts must be submitted to the Committees on Agriculture of the House and the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. ELLENDER. I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, we have been in discussion with the Sena-

tor from Louisiana and other Senators in the course of preparation of the amendment. It is a good amendment, and it outlines what is intended to be accomplished.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield 5 minutes to the Senator from Vermont.

Mr. AIKEN. Does the Senator's proposed amendment on page 26 have the effect of enlarging the temporary planning committee to 16 rather than 12 members by adding 2 members each from the Agriculture Committees of each House?

Mr. ELLENDER. It would add 2 members from the House committee and 2 members from the Senate committee, and increase the total from 12 to 16.

Mr. AIKEN. Then the figure "12" should be changed to "16."

Mr. ELLENDER. That would have to be corrected. It can be done.

I understand that that change is included in the amendment.

Mr. AIKEN. It is taken care of, then.

The PRESIDING OFFICER. Does the Senator from Alabama yield back his time?

Mr. SPARKMAN. I do.

The PRESIDING OFFICER. All time on the amendments of the Senator from Louisiana is yielded back.

The question is on agreeing to the amendment.

The amendments were agreed to.

AMENDMENT NO. 266

Mr. HICKENLOOPER. Mr. President, on behalf of myself and the Senator from Alabama [Mr. SPARKMAN], I call up my amendment identified as No. 266, and ask unanimous consent that they be printed in the RECORD without being read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 266) ordered to be printed in the RECORD are as follows:

On page 18 amend section 301(e) as follows: (A) Between lines 13 and 14 insert:

"(1) Amend subsection (e)(1), which relates to expropriations and related matters, by inserting '(including the issuance of new investment guaranties)' after the words 'The President shall suspend assistance' and by inserting 'pursuant to procedures substantially equivalent to those set forth in the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States submitted to governments by the International Bank for Reconstruction and Development' after the words 'which may include arbitration'."

(B) Renumber subsections (1) and (2) as (2) and (4), respectively.

(C) Between lines 18 and 19 insert:

—"(3) Add the following subparagraph to subsection (e):

"(3) No assistance (including the issuance of new investment guaranties) shall be furnished in connection with any project if property used in, or concession rights relating to, the same or a substantially similar predecessor project are the subject of a bona fide claim by, or of a judgment or award in favor of, any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens that such property or rights were, without consent, on or after the effective date of this Act, subjected to expropriatory or other similar acts as described in subparagraphs (1)(A), (1)(B),

and (1)(C) of this subsection, unless the property or rights which are the subject of such claim, judgment, or award are restored to the claimant, pursuant to the mandate of a judgment or award or under terms agreed to by the claimant."

Mr. HICKENLOOPER. Mr. President, the amendments proposed by the Senator from Alabama and myself are in the nature of expropriation amendments referring to the cessation of aid after expropriation.

In the law at the present time, or even as proposed in the bill, there is a question as to whether or not the cancellation of certain contracts is covered in the so-called Hickenlooper amendment adopted heretofore.

The amendments arise specifically because of the following situation: Some American companies received a concession and a development contract for some extensive bauxite deposits in Guinea.

In 1961 and 1962 the Government of Guinea canceled the concession after the American companies had spent several million dollars in the development of that concession. Thereafter, AID proposed to, and actually has, as I understand, issued an investment guarantee to another company subsequent to the cancellation of the first contract with American companies in connection with the development of the bauxite deposit.

The amendments provide that when a contract of this nature has been nullified by a foreign country, new investment guarantees to other American companies shall not be issued by AID.

Perhaps I had better read the three ways in which the amendments would change the existing law.

They would clarify the present law, first, by expressly declaring what is clearly already true—that suspension of assistance includes suspension of the issuance of new investment contracts.

The question of whether new investment guarantees are covered or not has been in some dispute. AID takes the position that the new investment guarantees are not covered by the Hickenlooper amendment. But this makes it clear that they are.

Second, by requiring that the arbitration procedures contemplated by the statute must be at least equivalent to those set forth in the Convention on the Settlement of Investment Disputes recently drawn up by the World Bank with the support of the United States and referred to governments for acceptance. The World Bank Convention provides for binding arbitration. Moreover, the Bank's ability to withhold future loans offers some promise that an award made under the standards of its Convention will be more likely to be complied with than otherwise might be the case.

Third, by expressly cutting off all forms of assistance to a successor project which involves the use of property or rights which are the subject of an expropriation claim by a predecessor concessionaire having the requisite American ownership, until these claims are satisfactorily settled. This suspension of assistance applies to expropriation cases in which the expropriatory acts occurred on or after the effective date of the Foreign Assistance Act of 1961.

Mr. President, this provision is not retroactive. Since AID has already gone forward and issued new investment guarantees to a new company on this same concession, which had been actually cancelled by the Government of Guinea to other investors, since that has already been done by AID, this amendment would not attempt to go back and now deny this new investment guarantee, but it does affect investment guarantees in the future.

It would also affect the speedy settlement of claims for the seizures already effected.

I hold in my hand a memorandum on this particular subject, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON EXPROPRIATIONS OF AMERICAN-OWNED PROPERTY IN GUINEA

A serious problem has arisen in Guinea where the Government of the Republic in 1961 and 1962 expropriated the concession contract as well as all the assets of American-owned companies engaged in developing the extensive bauxite deposits of Guinea. Thereafter, in 1963, Guinea entered into a new contract with another American-owned company to develop the same deposits. This second contract, which is held by Harvey Aluminum Co. of Delaware, was made expressly contingent on the issue to Harvey by the U.S. Government of investment guarantee contracts guaranteeing that company's investments in Guinea.

Representatives of AID on May 21, 1965, advised the American-owned members of the consortium, Reynolds Metals Co., Aluminum Co. of America, Aluminium, Ltd., and Kaiser Aluminum & Chemical Corp., that the United States, for reasons of policy, was seriously considering issuing a guarantee to Harvey simultaneously with approval by Guinea of a procedure for arbitration of the claims of the consortium. The American-owned members of the consortium, whose total investment in Guinea is approximately \$25 million, have vigorously protested that such action by the U.S. Government would destroy or at the least seriously prejudice the interests of the American owners by depriving them of any prospect of securing specific performance of the obligations of the Government of Guinea and by relegating them to the uncertain prospect of an arbitration as to which there exists no means of enforcing an award if Guinea refused to recognize it, and no economic means of paying the award even if Guinea wanted to do so.

Despite these protests, on June 9, 1965, AID announced that it had issued specific risk guarantees to Harvey Aluminum Co. of Delaware covering investments of \$16 to \$20 million in the Boké project in Guinea.

Quite apart from the staggering losses faced by the American-owned members of the consortium, there is obviously at stake a larger question of public policy as to the administration of the AID program in general and of the investment guarantee program in particular. That larger question is whether the United States as a Government should do anything to assist a country which has engaged in confiscation of the interests of one group of American investors, to effectuate a similar arrangement for the same purposes with another investor. In principle, this question has already been answered by the Congress in enacting section 620(e) of the Foreign Assistance Act. It is believed that the issuance of an investment guarantee with respect to the successor concessionaire in Guinea violates both the spirit and the letter of the statute. However,

since it appears that the executive branch has committed itself to go ahead, it must be assumed that it finds some ambiguity in the law.

Accordingly, it is proposed to clarify the existing language of the Hickenlooper anti-expropriation amendment in section 620(e)(1) of the Foreign Assistance Act in two respects and to add a new subparagraph (3) to assure that U.S. investment guarantees will not be available for a project where one U.S. party to a concession agreement has been ousted and no satisfactory settlement has been made. The clarifying amendments in section 620(e)(1) make clear that an investment guarantee constitutes assistance within the prohibitions of that provision and that any arrangement for arbitrating an investment dispute that is to meet the requirements of that provision must meet the procedural standards for arbitrations set out in the World Bank Convention on the arbitration of investment disputes (including advance acceptance of the arbitration as binding). The new subparagraph 620(e)(3) insures that (in addition to the protections of an American investor provided under 620(e)(1)), where a U.S. concession agreement has been repudiated without consent and without compensation, no assistance shall be given to the successor project unless there has been a satisfactory settlement of the rights of the predecessor concessionaire. This latter provision should discourage the repudiation of concession agreements and transfer of concession rights to a higher bidder and thus give U.S. holders of concession agreements some further protection against loss of their concession rights.

Mr. HICKENLOOPER. I have taken the amendment up with the chairman of the Foreign Relations Committee, and I would like to have it verified by the Senator from Alabama, the coauthor of the amendment, who was in the Chamber just a moment ago, that I correctly understand that the chairman of the Foreign Relations Committee and Senator in charge of the bill is willing to take the amendment to conference, so that we may inquire a little further into the details of the particular subject matter and present it to the conference.

If it is meritorious, we would hope to support it vigorously in conference. If there is some reason why it should not be taken to conference, that, of course, would have an effect on it. But we should take it to conference.

Mr. CHURCH. Mr. President, before the Senator from Alabama left the Chamber, I had an opportunity to check with him. The Senator is temporarily absent from the Chamber, but he advised me that he is perfectly amenable to taking the amendment. He is a cosponsor of the amendment. The chairman of the Foreign Relations Committee is also amenable to taking the amendment to conference.

Mr. HICKENLOOPER. I thank the Senator from Idaho. Therefore, we will examine it a little later, if that is satisfactory to the Senator.

Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I ask unanimous consent that a statement which has been prepared by the group, which is an explanation of the amendment, may be printed in the RECORD.

There being no objection, the questions and answers were ordered to be printed in the RECORD, as follows:

QUESTIONS AND ANSWERS REGARDING 1965 AMENDMENTS TO HICKENLOOPER AMENDMENT

Question. What is the basic purpose for the amendment?

Answer. The basic purpose is to clarify the original meaning of the Hickenlooper amendment and to correct certain misapprehensions which may arise as a result of the State Department's handling of the Guinea expropriation case in which a successor American-owned concessionaire has been awarded an investment guaranty contract covering the Boké bauxite deposits before the claims of the prior American-owned concessionaire have been settled.

Question. What changes specifically does the proposed amendment make in the present Hickenlooper amendment?

Answer. It clarifies its purposes in three ways:

1. By expressly declaring what is clearly already true that suspension of assistance includes suspension of the issuance of new investment guaranty contracts.

2. By requiring that the arbitration procedures contemplated by the statute must be at least equivalent to those set forth in convention on the settlement of investment disputes recently drawn up by the World Bank with the support of the United States and referred to governments for acceptance. The World Bank Convention provides for binding arbitration. Moreover, the Bank's ability to withhold future loans offers some promises that an award made under the standards of its convention will be more likely to be complied with than otherwise might be the case.

3. By expressly cutting off all forms of assistance to successor project which involves the use of property or rights which are the subject of an expropriation claim by a predecessor concessionaire having the requisite American ownership, until these claims are satisfactorily settled. This suspension of assistance applies to expropriation cases in which the expropriatory acts occurred on or after the effective date of the Foreign Assistance Act of 1961 (i.e., Sept. 4, 1961).

Question. Why was the Hickenlooper amendment disregarded by the State Department in the Guinea expropriation case?

Answer. It is said that lawyers in the Department ruled that the amendment did not apply timewise since it applies to expropriations taking place after January 1, 1962, whereas the expropriation decree in Guinea was dated in November 1961. However, that decree by its own terms did not become finally effective and irrevocable until February 1962.

Question. Does the State Department accept the policy of the Hickenlooper amendment?

Answer. Secretary Rusk appearing before the Foreign Relations Committee in 1963 clearly accepted the principle of the Hickenlooper amendment and stated that "our experience thus far has meant that that amendment has been a good thing."

Question. Does the proposed amendment invalidate investment guarantee contracts already issued to investors?

Answer. No, all outstanding guarantee contracts including those recently issued to Harvey Aluminum Co. remain unaffected by the proposed amendments. Whether the Harvey guarantee was legally issued under the present language seems open to question. The proposed amendment does not affect this situation.

Question. Does the proposed amendment impair any commitment as to investment guarantees already made to the Government of Guinea?

Answer. No, the sanctions of the proposed amendment operates prospectively only. The outstanding commitments of the United States to Guinea with respect to investment guarantees for Boké are not impaired, since they have already been made.

Question. How much aid is Guinea receiving from the United States?

Answer. In addition to investment guarantees, Guinea is programmed to get about \$15.6 million from prior year authorized programs still in the pipeline. Figures for new authorization are still confidential.

Question. Would future programs be affected by the proposed amendment?

Answer. Yes, the proposed amendment would in effect prohibit further assistance in connection with the Boké project until settlement of the claims of the American-owned companies whose interests were expropriated.

Question. What is the total of these claims?

Answer. Approximately \$25 million.

Question. What companies are interested in these claims?

Answer. The American-owned companies are: Reynolds Metals Co., Kaiser Aluminum & Chemical Corp., Aluminum, Ltd., and Aluminum Co. of America.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Iowa [Mr. HICKENLOOPER]—No. 266.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, the time to be charged to the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 249 AND 250

Mr. MORSE. Mr. President, I call up my amendments Nos. 249 and 250. I shall offer a modification and ask that they be treated as joined together.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk proceeded to state the amendments.

Mr. MORSE. Mr. President, I ask unanimous consent that the further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

"(f) At the end thereof add a new section as follows:

"Sec. 620A. (a) Notwithstanding any other provision of this Act—

"“(1) the total amounts obligated or reserved during fiscal year 1966 for assistance under part I of this Act to Pakistan shall not exceed an amount equal to 75 per centum of the amount specified for such purpose for such country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1963; and

"“(2) the total amounts obligated or reserved during fiscal year 1966 for assistance under part II of this Act to Pakistan shall not exceed 75 per centum of the respective amounts specified for such purpose for such country in such presentation material.

"“(b) The President shall determine the amounts by which the sums available for assistance to Pakistan are less than the sums which, but for the provisions of this section,

would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury.”

On page 18, after line 22, add the following:

"(f) At the end thereof add a new section as follows:

"“Sec. 620A. (a) Notwithstanding any other provision of this Act—

"“(1) the total amounts obligated or reserved during fiscal year 1966 for assistance under part I of this Act to India shall not exceed an amount equal to 75 per centum of the amount specified for such purpose for such country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1963; and

"“(2) the total amounts obligated or reserved during fiscal year 1966 for assistance under part II of this Act to India shall not exceed 75 per centum of the respective amounts specified for such purpose for such country in such presentation material.

"“(b) The President shall determine the amounts by which the sums available for assistance to India are less than the sums which, but for the provisions of this section, would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury.”

The PRESIDING OFFICER. Does the Senator from Oregon wish his amendments to be considered en bloc?

Mr. MORSE. Yes. I wish to explain them. I yield myself such time as I need.

Amendment No. 249 deals with Pakistan, and amendment No. 250 deals with India. I wish to have them considered together.

The PRESIDING OFFICER. Without objection the amendments will be considered en bloc.

Mr. MORSE. The problem I shall discuss involves a common problem with both countries.

As I pointed out, both amendments refer to “presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1963.” That wording should be changed to “Foreign Assistance Act of 1965” in each amendment.

The PRESIDING OFFICER. The amendments will be modified accordingly.

Mr. MORSE. Mr. President, these two amendments, which I shall now discuss as though they were combined in one amendment, would limit aid to Pakistan in fiscal year 1966 to 75 percent of the sum submitted in the briefing presentation. As we know, the figures showing the amounts expected to be extended to individual countries in the coming year cannot be published, so the language of my amendment calls for a percentage reduction in the total estimate, rather than a fixed dollar amount.

I am merely saying that whatever the figure is, instead of granting that figure, the figure to be granted should be only 75 percent of it.

My second amendment, No. 250 would similarly limit India to 75 percent of the estimate for the forthcoming fiscal year.

Both amendments apply to military and economic aid.

Mr. President, the administration will have no difficulty cutting out 25 percent

to India and 25 percent to Pakistan. There are no “bare bones” connected with the proposal for Pakistan and India. In my judgment, they are not only covered with fat representing entirely too large a proposal, but they are also indicative of the type of waste, inefficiency, and also unsound military aid policies which the senior Senator from Oregon has been criticizing on the floor of the Senate for some years.

Nowhere in the world is American foreign aid being wasted more cynically than in these two countries. The purpose of our economic aid was being undermined by a war effort that threatens and endangers American security interests in that part of the world. And what other reason is there for American aid? Why else do we extend so much assistance, military and economic, to these nations?

If Pakistan and India would stop their warmaking efforts, if they would stop building up their military power so that if they come to war over Kashmir they will be able to fight a bloody war 100 percent equipped on each side with American military aid, then the Senator from Oregon would be urging more money for the development of economic freedom for the underprivileged people of India and Pakistan. But the time has come to call a halt to the type of military aid and wasteful economic aid that characterizes so much of the foreign aid program of both Pakistan and India.

We do it only because we thought at one time that American security interests would be preserved by the hundreds of millions of dollars that we have been pouring into Pakistan and India.

But programs that were started in the 1950's for this purpose have not been revised when the conditions that gave rise to them changed. And conditions between India and Pakistan have changed radically. For both countries; the primary foreign concern is for the contested border areas. Into that contest they are putting the military aid we extended both of them, and our economic assistance is subsidizing that war effort of India and Pakistan.

Through fiscal year 1964 we gave Pakistan \$2,630 million in economic loans and grants. The date for her military aid remains classified.

That puts the senior Senator from Oregon in a delicate position. All I can say to the American people about it is that it is tremendous. It is huge. It ought to be cut. It is inexcusable that the present administration continues its policies of secrecy in connection with keeping concealed what it proposed to make available to India and Pakistan by way of military aid.

It is classified for only one reason—not to keep it from Russia or China or even the American people, but primarily to keep it from India. Obviously, if India knew how much U.S. military equipment had been sunk into Pakistan—and it works the other way, too, when it comes to Pakistan wanting to know how much India will get—she would demand even more from us than we have already agreed to give her in order to equalize her military forces with those of Pakistan.

In both countries, American aid takes the form primarily of loans to make possible a higher level of imports than either country could maintain out of foreign earnings. Despite the fact that both of them have for several years received large general loans, there is no indication that either India or Pakistan is reaching a point where these loans may be reduced.

The presentation shows that the minimum aid to both countries planned for fiscal year 1966 is the sum extended to them in fiscal year 1965. It is expected and anticipated that under this year's authorization, economic assistance to India and Pakistan will be increased over what it was last year.

In the case of India, an increase of some 14 percent is contemplated, and in the case of Pakistan, an increase of some 10 percent.

The major international activity of both countries in the last year has been their confrontation not only over Kashmir, but more recently over a border area on the Arabian Sea.

In the case of Pakistan, she is using the billions in military aid we have already furnished her, and she is using it in violation of the very law under which we are expecting to give her more military equipment in fiscal year 1966.

Do not forget that, as I pointed out the other day in my argument for a cut in military aid, no country has the right to use our military aid for the purpose of making war or planning to make war on a neighbor or another country. That is in violation of the law. But our Government winks at it. Our Government continues to pour out the money.

To compound the fatuity, under this bill, we are going to give her even more military aid than she received last year.

But now we plan to start giving India large-scale military aid. That is how the Pentagon figures to keep the peace of the world and to keep the peace between India and Pakistan. How silly can we be? It does not make commonsense. If the time ever comes when commonsense is the criterion in connection with developing a foreign aid program, then the senior Senator from Oregon will have won his battle.

I am hoping that the Morse formula in the bill will be retained in conference. I am hoping, as a result of the Morse amendments, that by the beginning of fiscal year 1967 we shall have a thoroughgoing reworking of our foreign aid program by the special committee or commission that is being provided for. I am satisfied that any study by any such group of impartial men will result in recommendations for drastic reforms in our foreign aid program, and that the Senate will be surprised how many of those recommendations will be down the line of the various amendments which the Senator from Oregon has been proposing on the floor of the Senate for the past several years.

But, of course, now we plan to start giving India large-scale military aid, too. That is how the Pentagon figures to keep peace between them. First, it winks at the provisions of the Foreign Assistance Act that require a nation to use our military aid only for purposes specified and

makes them ineligible for any equipment used for other activities. The war with India is not one of the purposes for which our aid can be used. Yet the tanks and other mobile equipment we have so generously furnished to Pakistan have no value anywhere except on the borders facing India. Pakistan probably could not use it at all against Russia or China because her borders with those countries are mountainous. But it is just right to use on the plains where Pakistan adjoins India.

After winking at the clear provisions of the law, the Pentagon then evens up the imbalance it created in the first place by beginning to arm India. And to pacify Pakistan over the new arms aid to India, we sweeten the pot for Pakistan by increasing her arms aid over last year.

It is no wonder that all this also requires more economic aid to finance their two war efforts. The more military aid we furnish them to fight each other, or to get ready to fight each other, the more economic aid they will need to pay for the war effort. But they will get that, too, under the terms of the bill.

Are not conditions bad enough in Asia? Are we not already complaining of the lack of support for our war in Vietnam among the large nations of Asia? Is it not bad enough that neither Pakistan nor India supports the war in Vietnam, without our equipping and financing them in a war with each other?

Pakistan and India have no intention of supporting us in Vietnam. They have told us so over and over again. The Prime Minister of India is highly critical of American policy in Vietnam. It is interesting, is it not, that he was within a stone's throw of the United States only the other day on a visit to Canada? We are aware of the unfortunate diplomatic blunder that resulted in the Prime Minister of India bypassing the United States while he was on a visit to the Prime Minister of Canada.

We know what the Foreign Minister of Pakistan has said to us. He came to Washington to say it to us, and said it right into our teeth at the Press Club not so many months ago. Pakistan is one of the members of the SEATO Treaty, about which we have had so much to say in the past.

When a correspondent asked the Prime Minister of Pakistan, "Do you intend to be of any help to us in South Vietnam?" He replied, "No." He followed his "No" by saying, "That is the problem of the United States. Our problem is with India."

Yet we are pouring millions of dollars into India and Pakistan to enable them to prepare for war against each other. I do not understand the nonsense of it.

While I criticize Pakistan and India at this moment, there are those who do not want to go to the record, who get the idea that I am against the people of India and the people of Pakistan. Quite the contrary. To them I say, "Come along and support those of us who are trying to clean up the stinking mess in military and economic aid that we are financing to the extent of hundreds of millions of dollars of taxpayers' money every year. Help us who are trying to clean it up,

and you will find the senior Senator from Oregon voting for more aid than is provided in the bill, but an entirely different type of aid: an aid that will not help the military oligarchs, an aid that will not help to prepare the world for war, an aid that will not make hundreds of thousands of Communists month after month."

Our aid program is the best propaganda that the Communists need in many an underdeveloped area in the world to drive people into the arms of the Communists.

Help us really to clean up aid, as my amendment proposes to do. It would do so to a small degree, I admit; but it is something. It says to India and Pakistan: "We are going to cut by 25 percent the amount of aid we give you." Perhaps that will cause them to do a little answering to their constituents, who will want to know, "How come?" That may help to cause a discussion in India and Pakistan of the facts and may result in a cleaning up of the AID program that we have been sponsoring in those countries for many a year.

This amendment is an approach that will help to bring to an end some of the abuses that have developed in the aid program in Pakistan and India. I cannot understand the concern of some Senators about cutting aid to Pakistan. Do they think that Pakistan is closer to us than she is to Red China? We know what the record of Pakistan is vis-a-vis Red China. The leaders of Pakistan have made it perfectly clear to us that they will not join us in our concern about Red China. Pakistan deals with Red China. It has entered into air arrangements and negotiations with Red China. Pakistan has entered into trade with Red China. Pakistan plays both sides of the street. But we pour millions of dollars of aid into Pakistan at the same time she is strengthening her rapport with Red China.

One of the arguments I hear from Senators is, "You will have Pakistan doing more business with Red China if you follow the proposal of the senior Senator from Oregon." I do not buy that argument of international blackmail. Pakistan is not the only country concerning which the argument of international blackmail is used. If there is any country that thinks it can shake down the U.S. Government with the threat, "If you don't give us what we ask for, we will go to Russia," my answer is, "Go quickly, and Godspeed. Go on in, go into the orbit of the Communists, and see how you like it."

I tell Senators that if those countries stewed in the juices of communism for awhile, they might recognize how important it is to get on the side of freedom.

I shall never adopt the blackmail argument: "If we do not do this or that, they will go into the embrace of the Communists." Pakistan has been hugging Red China for many months. I am not interested in her embraces on the basis of such a two-timing course of conduct on the part of Pakistan.

No; the time has come when the American taxpayers have a right to have Congress start cutting back on the wasteful

program of aid to India and Pakistan. Let the program be changed into a good program, and it will then be a program that will help the poor people of India and Pakistan.

Judging by my trips to India and Pakistan, one can have nothing but deep sympathy for the millions of people of those two underdeveloped nations. I do not like to have the impoverished conditions of the people of India and Pakistan used as an excuse by my government for continuing the wasting of millions of dollars on so-called military aid to build up the military power of Pakistan and India to threaten the peace of that part of the world.

Senators know what will happen if those two countries get into a war. Of course, we shall not be able to stand by. We could not stand by and let a hot war develop in that part of the world. That is why I have said so many times that all our military aid, not only to India and Pakistan, but to Greece and Turkey, and other places, as well, does not strengthen the security of the United States. That is poppycock. That kind of military aid would not be of any help to us in case of a war with Russia. If we got into a war with Russia, we would not be making any use of the Indian or Pakistani troops, or the troops of Greece or Turkey. We would not be making use of any of their equipment. Such a war would be a nuclear war.

All the countries into which we have been pouring military aid are completely dependent on the United States for their own protection and security in case of a war with Russia. They live under the canopy of American nuclear protection. Their military power would be of no help to us in case of a war with Russia. Such a war would be fought, and fought quickly, with nuclear power; and, of course, out of it would come no victors—neither the United States nor Russia.

So long as Pakistan and India continue to receive U.S. aid in increasing amounts, even when it is being squandered in their private quarrel, they will continue to jeopardize the peace of Europe. They will do it with our money. Both India and Pakistan are a threat to peace in Asia. So long as they prepare for war against each other, they must be charged with being a threat to the peace of the world.

Of course, the response of the administration is what it always is in foreign aid matters. It will say that furnishing economic and military aid enables us to exercise some degree of influence over their policies.

That is more poppycock. That is always the purpose of our aid: to interfere in the affairs of other nations.

But the sad thing is that the officials who think they are influencing events are not influencing anything. They think they have accomplished something worthwhile when, in effect, they get Pakistan or India to do something useful to their economies in exchange for more U.S. aid. When they have paid India or Pakistan to do the right thing, they think that is exerting "influence."

That is more poppycock.

But when India and Pakistan want to fight each other, we have no influence.

I say they should do it on their own. They should make their war out of their own national effort, and not out of ours.

As it is, my amendment would not reduce aid to India and Pakistan by 25 percent below current amounts because the program calls for increases next year in economic and military aid to both countries. The effect of my amendment would be to reduce their assistance levels by perhaps 10 to 15 percent from last year.

In my opinion, such a reduction will do more to stabilize the subcontinent than anything the United States has done yet. It will do more to forestall a new war in Asia than anything we have done yet. And it will have a salutary effect upon other recipients of aid who may think twice before diverting U.S. assistance to purposes other than that for which it is extended.

Mr. LAUSCHE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. To whose time will the quorum be charged?

Mr. MANSFIELD. Mr. President, the time for the quorum may be charged to time allotted to the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. Mr. President, the Senator from Oregon has designed two amendments which relate to India and Pakistan. These amendments arbitrarily select those two countries, I feel, without giving full consideration to some of the conditions that prevail there.

We are all concerned by some of the things which the Senator from Oregon has set out. We do not like to see those countries quarreling between themselves. However, we must recognize that conditions exist in those countries which require a greater expenditure for the purpose of national defense than they would perhaps like to make.

Pakistan and India are not necessarily countries in which a reduction of this kind would be consistent with the interest of the United States.

The naming of specific countries in legislation, except perhaps in the case of Communist countries, is a bad practice. Such a practice would set a precedent and violate the procedures followed in both the Committee on Foreign Relations and the Senate.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, we must remember that there has already been a \$200 million cut in the amount that would be provided for in the bill. The impact of that cut, plus the 25-percent reduction proposed in the two pending amendments, ought to be kept in mind.

The Senate has rejected larger cuts, cuts across the board, and percentage cuts. I do not believe that it would be wise or advisable to select these two particular countries and agree to a percentage cut such as has been proposed here, in addition to the cut which has been made across the board.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield 5 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 5 minutes.

Mr. LAUSCHE. Mr. President, I preface my remarks with the statement that, during my service in the Senate, I have fought to introduce economy into the business management of our Government.

I yield to no one with respect to that issue in the fight which I have made. I have also fought for the reduction of the amount allocated under the Foreign Assistance Act. However, there comes a time when the reductions reach a point which endangers the very security of our country.

Last Friday the amount allocated to the foreign assistance program was reduced by \$200 million. The reduction proposed by the pending amendments is classified. The exact amount cannot be identified.

The Senator from Oregon has stated that he chose the 25 percent reduction so as to maintain the secrecy of the true amount allocated to Pakistan and India. We must recognize that there are nations that are in a forefront position in the defense of the free nations of the world. A number of them have already been identified on the floor today. India and China are within the group which are on the perimeter of the massive strength of China and Russia.

In our approach to the problem of preventing the expansion of communism, and thus protecting the security of our country, all of the responsible persons in Government in the Truman administration, the Eisenhower administration, and the Johnson administration have taken the position that there are certain nations on the perimeter of Russia which must be strong so as to prevent the absorption of those countries by either Russia or Red China. I have already stated that India and Pakistan are two of those nations. Greece has been mentioned. Other countries are Turkey, Taiwan, Korea, Iran, Vietnam, Thailand, Pakistan, the Philippines, and other nations.

Let us take a look at the situation as it prevails in India, Pakistan, Afghanistan, Russia, and China. Red China invaded India. If India falls to the Communists, we have not a chance in the world of saving that area of the earth from Communist control.

The Senator from Oregon has made the statement that the money provided by us was being used primarily for the acquisition and implementation of military men with equipment to be used on the plains separating Pakistan and India. I beg to differ with that statement. A careful examination of the records will show that equipment is being used, and

many men who have been placed in the military service are being equipped to fight in the mountains separating China and India.

Consider Pakistan. It is true that there is a critical, painful, and dangerous division between Pakistan and India; but the fact remains that the officials in our State Department and the military departments have kept that subject in mind and have provided aid on the basis of removing in the largest degree possible the danger of conflict between Pakistan and India. There has been no conflict. Those in our Defense Department and in our State Department are just as conscious of that fact as is the Senator from Oregon.

But we must go beyond that question. The countries involved are not only Pakistan and India. Afghanistan is allied with Russia; and it is a dangerous threat to Pakistan. The aid which we are giving to Pakistan in part is intended to maintain and secure Pakistan against any assault by Afghanistan.

Mr. President, I would like to go back to Ohio and tell the people I have voted for the reduction of the foreign aid program beyond the reductions already made. It probably would be a most popular position to take. But, my colleagues, and Mr. President, there is an aspect of service in the Congress that is more important than the invitation of popularity with the voters, and that important aspect is to maintain the security of our Nation and to make certain that the Communists shall not, bit by bit, conquer the various nations of the world.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. May I have 2 additional minutes?

Mr. SPARKMAN. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Thereby we would be put in a dangerous position.

Do we at any time recognize the technique of the Communists? Their technique is to topple one nation after another. There is no purpose to make a mass assault upon all at one time. They know that if they take Laos today, Vietnam tomorrow, Thailand the next day, and Malaysia the following day, they will keep advancing toward conquest of the world.

The nations that are the objects of the cuts sought to be made by the Senator from Oregon are on the periphery of China and Russia. We should not cut that amount. I say this with the deepest respect for the Senator from Oregon. I know of his intent and sincerity of purpose in believing that what he is doing is right. However, I am of the judgment that what he now advocates, erroneously and innocently, would not be in the interest of the security and preservation of our Nation.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I had promised to yield first to the Senator from New York.

I yield 3 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I find myself in the same position as does the Senator from Ohio with respect to the

intentions and views of the Senator from Oregon. I, too, will welcome the opportunity to debate this question and to enlarge our views. I think this is a most constructive exercise. After all, the batting average of the Senator from Oregon has been rather high with many of his amendments, so I oppose this one because I deeply believe it is in the interest of our Nation to oppose it.

I happen to know something of those countries. I have been in them. I sponsored the first grain-aid-to-India measure, providing for 200 million bushels of grain, to save India from starvation. I know something of the governmental operations in Pakistan, from contacts with friends who hold high diplomatic and other positions. I have been there, as I have been in India.

Let us remember that we are dealing with the tremendous thrust of Communist China. When I was in India—and the Senator from Kentucky [Mr. COOPER], who will follow me, can verify this fact—economic progress in India was measured in terms of economic progress in Communist China. If India was not doing as well as Communist China, there was a tendency on the part of some to want to follow the lead of Communist China. The question of whether the Chinese worked harder than the Indians in making that economic progress did not seem to be considered too much.

Second, we are now engaged in Asia; and there are many American casualties there. The struggle is not only in South Vietnam, but it involves all of southeast Asia.

Though we may not be able to tell from the people of South Vietnam whether they want us to do what we are doing, we can tell from the great majority of the millions of people in southeast Asia that they believe in what we are doing. India is where the bulk of the population of that part of Asia is.

I do not believe that, if we cut off aid to India and Pakistan, the attitude as between Pakistan and India would change. There might be a change for the worse, because the situation might then be ripe for demagogues who would be urging a different policy. Bad as we may think the situation is, it could be a great deal worse, much as we may dislike something that Shastri or Ayub Khan have done. So it would be short-sighted and would be working against our own interests to make this cut, if we are to maintain any position whatever there.

If all of Asia is not to be overthrown by Communist China, it will be prevented only if this great population base is retained on the side of freedom. When that is compared to what is at stake in a cut of this character, I do not believe that it adds up at all. I hope very much that the Senate, particularly at this time, and in this crisis, will not take such an ill-advised action as to deprive us of all hope of a population balance in favor of freedom by jeopardizing it in any way whatever.

Mr. LAUSCHE. Mr. President, will the Senator from Alabama yield me 30 seconds?

Mr. SPARKMAN. I yield 30 seconds to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 30 seconds.

Mr. LAUSCHE. I emphasize the fact that the per capita income of India 6 years ago was \$60. The per capita income of China was above that. Today, the per capita income in India is \$83, which is above that of China. The Senator made mention of that fact concerning this parallel, to see which will produce the better economy.

Mr. JAVITS. Constantly. It was made a political issue in India. We would be serving ourselves most ill advisedly if we gave that advantage to those who would tear down any government which has anything whatever to do with the United States or the free world. There are millions of such people in India today.

I thank the Senator from Alabama for yielding to me.

Mr. COOPER. Mr. President—

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. COOPER. Mr. President, let me say, first, that I have followed closely the amendments offered by the Senator from Oregon—as I did last year. I say now, as I said then, that I believe he has, more than anyone else, prompted a thorough debate upon the substantive question of the foreign aid program.

Speaking with respect to the pending amendment, let me say—as the Senator from Ohio has just said—that the material is classified and, therefore, I am in no position to say whether the amount of military aid furnished to India or Pakistan, is sufficient, or if it is inadequate; but I wish to touch upon a few general considerations.

During my service in the Senate, I have tried to be as objective as I can concerning the situation in India and Pakistan, because I served in India as Ambassador in 1955 and 1956.

There is no issue which touches more the emotions and interests of the peoples of India and Pakistan than the question of Kashmir. Unfortunately, this deep feeling has persisted since partition, which was accompanied by riots and bloodshed at the time of partition, and it has been exacerbated by the problem of Kashmir, which has not been settled. While I hope that the two countries will make every effort to reach a settlement, in my judgment, it may be years before that problem is settled.

I move to another situation which is more recent. We remember that in the early fifties Communist China made its first move into Tibet, and later swallowed up that country against its promises and commitments.

Later, Communist China without warning, and in breach of its agreement with India, invaded India, in the northwest and northeast. If it had pursued its attack for a distance of only 40 or 50 miles, it would have been able to cut off the northeast area of India entirely.

We must remember that India resisted that attack with bravery. Unfortunately, not many countries resist Communist aggression; but, India fought to main-

tain its territorial integrity and sovereignty. It had refused military aid from the United States until that time, and had chosen to purchase its equipment, both in the United States as well as in other countries. But when attacked, in dire straits, it called upon the United States for aid, which we furnished.

The Communist Chinese did not pursue the advantage which they first obtained, but the Chinese are now located upon the top mountains in the northeast looking down into the valleys of India posing the threat of attack, which sorely tries the economy of India. If the Chinese should attack against that area in India, it is possible they could cut off this northeast region; and it would be a matter of touch and go whether they would be able to conquer great portions of India.

It is certain that India would resist, but the ability to do so depends in large measure upon aid which the United States furnishes. Let us remember that India does defend itself, as it has fought with bravery in its own wars, and in World War I and II, as an ally.

While India does not agree with all our policies, and at times in my view has been unreasonable in its statements about United States policy, nevertheless, a compelling fact stood out in my experience in India. More than any other country in southeast Asia, India has deep seated democratic traditions, it practices democracy, not alone at the government level but at all levels of its population. Its people appreciate the same values which we appreciate—freedom of speech, freedom of the press, free elections, independent courts, and all the values which America holds dear.

There are more than 400 million people in India. If it should fall it could be the last blow to the flourishing of democratic government and democratic values in southeast Asia.

I am not qualified to speak about the situation in Pakistan—

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, I ask unanimous consent that I may proceed for 1 additional minute.

Mr. SPARKMAN. Mr. President, I yield 1 minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. COOPER. We do know that its people are brave people and brave fighters. It is my judgment that Pakistan would not succumb to an attack from the north without fighting.

I hope that a settlement can be arrived at between India and Pakistan. I do not believe it will be an easy settlement. I do not believe that the United States can force a settlement, although our good offices may help.

Let me make one further point. I commend the Senator for the initiation of a committee to reassess our foreign aid program. I believe it would be better to let this committee make its recom-

mendations before taking such a drastic step as this amendment proposes.

The United States is making a great effort against aggression in South Vietnam, a situation which is one of concern, but with which we shall have to stick until some light is seen. I believe that it would be a great mistake to cripple our assistance to India which is trying to defend itself against the same basic aggressor, Communist China.

Mr. MORSE. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 3 minutes.

Mr. MORSE. There has been nothing attempted in defense of all the waste in India and Pakistan, but there is no denying the fact that waste is present—millions of dollars worth of it.

Last Friday, I read into the RECORD the titles of the reports of the Comptroller General of the United States.

If Senators will read those reports, my 25-percent proposed reduction will not even begin to cover the waste which the Comptroller General finds.

I do not know what more is needed in the way of evidence than the reports of the Comptroller General.

Do not forget that I am talking about a figure which is higher than the present level. I am talking about a figure of a 25-percent cut on a secret figure about which the Government will not inform the American people, and which is higher than the present level.

Let me respectfully say that there has not been one argument advanced in the Senate this afternoon which would justify an increase. My dear friend the Senator from Ohio [Mr. LAUSCHE] says that he would be proud to go back to Ohio and tell his people that he voted for it.

He thinks that will make him popular. Let me say to the Senator from Ohio that that flag has been waved into so many tatters that if he thinks the position of the Senator from Oregon makes him popular, he could not be more wrong.

The Senator from Ohio is now riding the crest of popularity, but the people will catch up with him, and the people will want to know why he was not willing to stand up against this program and say it is dead wrong.

The Senator talked about the policy-makers of the past. Let me say that I am interested in the policy because it is a wrong policy. I am not moved by the Senator's citing me to wrong policy-makers. We have been following this wrong policy now for some time, and I believe we ought to change it and that we ought to proceed to adopt a policy that will protect the American people from this shocking waste.

To my good friend from Kentucky, let me say that he could not possibly explain away, by any language that he could concoct, the fact that Pakistan has been playing with our enemy, the fact that Pakistan has been supporting our enemy, the fact that Pakistan has been entering into deals with Red China. I do not propose to give Pakistan a sky-is-the-

limit appropriation this year. I believe it would be psychologically a good thing to tell Pakistan, "We will not give you all this money. We will cut you back 25 percent."

Where is the Prime Minister of India? The Prime Minister of India has not been handing us any bouquets. The Prime Minister of India has been expressing disagreement with us. The Prime Minister of India has got himself into such a position by his criticism that—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. I yield myself 1 more minute.

The President of the United States decided to postpone the Prime Minister's visit to the United States. I believe that action was a diplomatic curve ball. But it was thrown. Nevertheless, we have not been getting from the Indian Government what we ought to be receiving, in terms of their being our allies. I do not yield to the Senator from Kentucky or the Senator from Ohio in the desire to do something for the masses of the Indian people and the masses of the Pakistani people. However, building up their potential to make war is not the way to do it.

The Senator from Kentucky says that the Kashmir issue is a highly emotional issue in India and in Pakistan. We take judicial notice of it. However, this kind of aid intensifies emotionalism and stirs up their adrenal glands and makes it a great danger to the peace of the world.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. I yield myself 1 more minute.

What we ought to be saying is that we are willing to consider a total revision of our program of economic aid and try to go in there and help those people economically.

I close by saying to my good friend from Ohio that he joined me 2 years ago in regard to aid for a steel plant. In my judgment he was right then.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. The Senator from Ohio is quite right in trying to cut back that amount, and we did cut it back. I wish he would recognize the fact that we should cut back this sum.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I am delighted to yield.

Mr. LAUSCHE. The only difference between the Senator from Oregon and me is—if I can for the moment say this arrogantly—that I was right 2 years ago and I am right today. The Senator from Oregon was right 2 years ago, and is wrong today.

Mr. MORSE. I believe the Senator has properly labeled it; it is arrogance, all right. I will accept his description of it.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MORSE. I am delighted to yield to the Senator from Kentucky.

Mr. COOPER. I agree with the statement the Senator has made. As we recognized the dire danger to India when it was threatened with invasion by Communist China, I think India could have been more understanding of the situation that we face in Vietnam.

Mr. MORSE. I close by saying two things. I will support my Comptroller General. I have heard no answer from anyone as to why we should walk out on our Comptroller General. We should stop this waste which has been found to exist around the world in foreign aid.

This is an important psychological weapon that we ought to use on the floor of the Senate this afternoon. We ought to serve notice on those countries that they cannot continue to use our military aid, in many instances illegally, and except to continue to get support from us to the extent of the huge funds that they are seeking.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Kansas.

Mr. CARLSON. Mr. President, I commend the distinguished Senator from Oregon for the fight he has led during the hearings on the foreign aid bill and also on the floor of the Senate. I believe he is rendering a real service to Congress and to the people.

I shall not support him on his amendment, however; I rise at this time because we have been talking about funds that are classified. There are some funds that are not classified, and they are very substantial. I refer to the Cooley loan currencies that are available. The two countries that have the largest amount of such currencies are India and Pakistan. Together they lead all the countries in which we have Cooley loan currencies available. At the present time \$30,806,000 of Cooley loan funds are available in India. The second largest amount is in Egypt, with \$23,864,000. The third is in Pakistan, with \$15,116,000. I mention this because the distinguished Senator from Oregon spoke about the recommendations of the General Accounting Office.

The committee report, on page 18, states that we supported the recommendation of the General Accounting Office in regard to section 301, which deals with these Cooley loan funds.

I ask unanimous consent that these two paragraphs, dealing with the use of foreign currencies, be printed in the Record at this point.

There being no objection, the excerpts from the report (No. 170) was ordered to be printed in the Record, as follows:

USE OF FOREIGN CURRENCIES

Section 301(c) of the bill amends section 612 of the act, which relates to the use of foreign currencies, by redesignating subsection (c) as subsection (b). The latter was redesignated as section 104(t) of the Agricultural Trade Development and Assistance Act of 1954 by section 2 of Public Law 88-638.

The committee adopted two amendments relating to foreign currencies which were proposed by the General Accounting Office. One amendment (sec. 301(c) of the bill) contains substitute language for the second paragraph of redesignated section 612(b) of the act. It provides that all appropriate steps shall be taken to assure that, to the maximum extent possible, U.S.-owned currencies

are utilized instead of dollars, and that no dollar funds shall be spent for goods and services when foreign currencies are available unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case. The amendment applies to all U.S.-owned currencies. Under present law, only foreign currencies which are determined to be excess to U.S. needs are required to be utilized in lieu of dollars.

The other amendment (sec. 301(d) of the bill) proposed by the GAO changes the heading of section 613 to read "Accounting, Valuation, Reporting, and Administration of Foreign Currencies," and adds a new subsection (d) which deals with interest rates on deposits of foreign currencies. It provides that in cases where assistance is furnished on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that the agreements governing the furnishing of such assistance

include provisions for the receipt of interest income on the foreign currencies deposited in authorized depositories at a rate "not less favorable than the highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries." Pursuant to the provisions of the amendment the Secretary of State may waive the interest income requirement if he determines it not to be in the national interest and promptly reports such determination to the Congress.

Mr. CARLSON. Mr. President, I also ask unanimous consent that a table showing the Cooley loan currencies available in foreign countries be printed in the Record at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the Record, as follows:

Cooley loan currencies available

Country	Unit of currency	Foreign	U.S. equivalent
		Thousands	Thousand dollars
Latin America:			
Bolivia.....	Peso.....	28,901	2,433
Colombia ¹	do.....	419	30
Paraguay.....	Guarani.....	61,626	489
Peru ¹	Sole.....	13,305	496
Far East:			
China (Taiwan).....	New Taiwan dollar.....	308,189	7,705
Indonesia.....	Rupiah.....	902,586	1,746
Korea.....	Hwan.....	430,747	1,689
Philippines.....	Peso.....	4,389	1,125
Near East and south Asia:			
Cyprus.....	Pound.....	184	514
Greece.....	Drachma.....	116,324	3,877
India.....	Rupee.....	189,198	39,806
Iran.....	Rial.....	43,379	578
Israel.....	Pound.....	24,341	8,114
Pakistan.....	Rupee.....	72,634	15,116
Turkey.....	Lira.....	55,923	6,214
United Arab Republic (Egypt).....	Pound.....	10,355	23,864
Africa:			
Congo.....	Franc.....	170,156	1,134
Ethiopia.....	Dollar.....	421	169
Guinea.....	Franc.....	583,376	2,367
Ivory Coast.....	Franc.....	112,526	459
Morocco.....	Dirham.....	9,962	1,986
Sudan.....	Pound.....	634	1,827
Tunisia.....	Dinar.....	1,373	2,635
Total.....			124,373

¹ Applications exceed funds available.

Mr. SPARKMAN. Mr. President, I yield 3 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, there is no ill will between the Senator from Oregon and myself.

Mr. MORSE. At long last we are agreed.

Mr. LAUSCHE. I love him and I admire him for the tenacity with which he fights for his cause. I marvel at his extensive knowledge of the many subjects that come before us. However, I cannot concede that he is always right. Sometimes he might be wrong.

Mention has been made about aid to India to build a steel plant there. That is the only reason for my taking the floor at this time. India wanted to borrow a billion dollars from us to build a steel plant. The plant was to be built and operated by the Government. My theory was—and the Senator from Oregon joined me—that if Russia keeps giving aid for the purpose of nationalizing industry, that system is intended to be helpful to Russia. In other words railroads, electric power companies, water supply companies, steel manufacturing companies, and all types of business are

to be nationalized. When Russia gives aid it expects that result.

India wanted to borrow our money to nationalize the steel plants. I concluded, and I believe rightfully so, that even if nationalization is good for Russia, it is not good for the United States. Therefore when we grant money or lend money for a steel plant we ought to insist that it be privately operated.

The Senator from Oregon joined with me in that view. I think we were both right at that time. If the same issue were to come before us tomorrow I would again take the same position that I did in 1962.

Mr. MORSE. Mr. President. I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Oregon wish to have his amendments considered en bloc?

Mr. MORSE. I thought that was understood already.

The PRESIDING OFFICER. The Chair is not so informed. Without objection the amendments will be considered en bloc. All time on the amendments has been yielded back and has

expired. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Wyoming [Mr. McGEE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. McGEE], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS], would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Connecticut would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], and the Senator from Texas [Mr. TOWER] would each vote "nay."

The result was announced—yeas 25, nays 63, as follows:

[No. 124 Leg.]

YEAS—25

Anderson	Gruening	Russell, S.C.
Bible	Hruska	Simpson
Byrd, W. Va.	Jordan, N.C.	Stennis
Cannon	McClellan	Symington
Curtis	Montoya	Thurmond
Eastland	Morse	Williams, Del.
Ellender	Mundt	Young, Ohio
Ervin	Pearson	
Fannin	Robertson	

NAYS—63

Aiken	Hartke	Metcalf
Allott	Hayden	Miller
Bartlett	Hickenlooper	Mondale
Bass	Hill	Monroney
Bayh	Holland	Morton
Bennett	Inouye	Murphy
Boggs	Jackson	Muskie
Brewster	Javits	Nelson
Burdick	Jordan, Idaho	Pastore
Carlson	Kennedy, Mass.	Prouty
Case	Kennedy, N.Y.	Proxmire
Church	Kuchel	Randolph
Clark	Lausche	Ribicoff
Cooper	Long, Mo.	Saltonstall
Cotton	Long, La.	Scott
Dirksen	Magnuson	Smith
Douglas	Mansfield	Sparkman
Fulbright	McCarthy	Tydings
Gore	McGovern	Williams, N.J.
Harris	McIntyre	Yarborough
Hart	McNamara	Young, N. Dak.

NOT VOTING—12

Byrd, Va.	McGee	Russell, Ga.
Dodd	Moss	Smathers
Dominick	Neuberger	Talmadge
Fong	Pell	Tower

So Mr. MORSE's amendments Nos. 249 and 250 were rejected en bloc.

Mr. MORSE. Mr. President, I am about to send to the desk another amendment with respect to Pakistan and India, because I should like to have another yea-and-nay vote on the issue.

This amendment seeks to cut aid to India and Pakistan by 10 percent. It would still leave those countries more than their present allowance because, as I said earlier, the secret figure, the figure that the administration will not disclose to the American people, would increase by 10 to 15 percent the amount that India and Pakistan are presently receiving. This amendment seeks to hold the amount in the neighborhood of what they are now getting, but does not provide less than what they are now getting. They would receive a little more. This amendment seeks to cut aid to Pakistan and India by 10 percent.

I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, after line 22 add the following:

(f) At the end thereof add a new section as follows:

"Sec. 620A. (a) Notwithstanding any other provision of this Act—

"(1) the total amounts obligated or reserved during fiscal year 1966 for assistance under part I of this Act to Pakistan and India shall not exceed an amount equal to 90 per centum of the amount specified for such purpose for each country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1965; and

"(2) the total amounts obligated or reserved during fiscal year 1966 for assistance under part II of this Act to Pakistan and India shall not exceed 90 per centum of the respective amounts specified for such purpose for each country in such presentation material.

"(b) The President shall determine the amounts by which the sums available for assistance to Pakistan and India are less than the sums which, but for the provisions of this section, would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury."

Mr. MORSE. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I yield myself 3 minutes; then I shall be ready to vote.

I ask for the adoption of the 10-percent cut for the following reasons:

First. It would continue the allowances for Pakistan and India at an amount slightly more than they are presently getting because the program figure would give them between 10 and 15 percent more than they are now receiving.

In round numbers, this is what might be called a break-even amount. They probably would receive no more than they are getting now.

Second. I ask Senators to approve the amendment on the basis of the argument I made in support of the previous amendment, and because the Comptroller General finds in his report that there is plenty of room for a reduction in aid.

Mr. COTTON. Mr. President, a point of order. It is impossible to hear what the Senator from Oregon is saying.

The PRESIDING OFFICER. The point of order is well taken. The Senate will be in order.

The Senator from Oregon may proceed.

Mr. MORSE. Mr. President, if the Senator from New Hampshire did not hear me, I wish to repeat what I was saying, because he knows that I place great reliance on him to follow the facts.

This amendment, which would cut the amount of aid by 10 percent, would provide as much aid as India and Pakistan are getting at present, if not a little more.

Second. The 10-percent cut can be made, based upon the findings of the Comptroller General, because of the kind of waste that is taking place.

Third. This cut ought to be made for sound, psychological reasons, as a warning to India and Pakistan, because both countries are using American military aid illegally under the aid act. Some of the activities in which they are engaging with military aid are prohibited; but, as I said in my earlier speech, we wink at it. We ought not to wink at it. Moreover, their war efforts are eating up the aid we are giving them for development.

This is a fair amendment. It would have salutary effects not only in Pakistan and in India, but also in other parts of the world.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is the Senator proposing a cut across the board, or is his proposal concentrated on military aid?

Mr. MORSE. No; it cuts both economic and military aid by 10 percent each.

Mr. DOUGLAS. Does not the Senator from Oregon believe that the case for continuing economic aid is much stronger than the case for military aid?

Mr. MORSE. Oh, yes; but there will still be an ample supply for economic aid. The cut could be made in support assistance alone, for that matter. That is a form of military aid but is couched in economic language.

But what can I do? I cannot go through the book and say, "Cut an amount here, cut an amount there, cut somewhere else." I cannot give the Senator those facts.

It is fair to say to the administration that what we believe it should do is to cut economic and military aid by 10 percent from what they are scheduled to receive.

Mr. DOUGLAS. Then the Administrator would have discretion as to where the cut would apply?

Mr. MORSE. Yes.

Mr. FULBRIGHT. Mr. President, I yield myself 3 minutes.

First, I object strenuously to any legislation that would pick out specific countries, particularly countries which, while they are misbehaving at the moment, are two of the strongest English-speaking countries in that part of the world. I see no reason to insult them, as this amendment would do, by picking on them specifically.

I voted the other day, together with a number of other Senators, to reduce military assistance generally. That would certainly have had an impact on those countries. But I will not vote for an

amendment that picks out two of our allies and specifically cuts aid to them.

Next, India and Pakistan do not get supporting assistance, as the Senator from Oregon said they do. They receive development loans and economic assistance and, of course, military hardware.

Furthermore, the program for the coming year is presented within a range of magnitude. It is not clear whether this cut would be 10 percent of the top or the bottom figures of the range, although I do not think that is significant. But the lower figure of the range of the projected program for the coming year is the same as it is for the current year. The exact amount of next year's program has not been determined.

The main reason why I oppose the amendment is that it picks out two important countries and levels specific criticism at them, criticism which I am sure they would resent. The way to deal with their misuse of arms is through diplomatic channels, as we have done with Greece and Turkey. The same argument could be made with respect to Turkey and Greece. While we do not approve of the quarrel that now interrupts their relations, we do not, on the other hand, want to slap them in the face. We must do the best we can and hope that the difficulty may be solved in the traditional manner.

I do not believe that the amendment of the Senator from Oregon is the proper way to use the aid program. I hope the Senate will reject the amendment.

Mr. MORSE. Mr. President, I yield myself 1 minute.

My figure is taken from the briefing book. My figure, showing that these countries would receive about 10 percent more than they got last year, was given to me by a member of the staff after examination of the books.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. FULBRIGHT. Mr. President, if the Senator looks in the book, this falls within a range. If one were to take the highest possible figure and assume that is what they would get, that could be. However, the range between what they received last year and a higher figure would not be significant. I do not rely on that as the main reason. I have stated my main reason.

Mr. MORSE. Mr. President, the 10 percent figure that I am using would end up with Pakistan and India not getting less than they received this year. I think that they would end up, even with the 10 percent figure, receiving a little more than they did this year.

Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Oregon. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN (when his name was called). On this vote I have a pair with

the senior Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "yea"; if I were permitted to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Alabama [Mr. HILL], the Senator from Wyoming [Mr. McGEE], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK] and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

The Senator from Kansas [Mr. PEARSON] is detained on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK] and the Senator from Hawaii [Mr. FONG] would each vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Texas [Mr. TOWER]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 26, nays 58, as follows:

[No. 125 Leg.]

YEAS—26

Bible	Gruening	Robertson
Byrd, W. Va.	Hruska	Russell, S.C.
Cannon	Jordan, N.C.	Simpson
Cotton	McClellan	Stennis
Curtis	Montoya	Symington
Douglas	Morse	Thurmond
Eastland	Mundt	Williams, Del.
Ervin	Murphy	Young, Ohio
Fannin	Randolph	

NAYS—58

Aiken	Hartke	Metcalf
Allott	Hayden	Miller
Anderson	Hickenlooper	Mondale
Bartlett	Holland	Monroney
Bass	Inouye	Morton
Bayh	Jackson	Muskie
Bennett	Javits	Nelson
Boggs	Jordan, Idaho	Pastore
Brewster	Kennedy, Mass.	Prouty
Burdick	Kennedy, N.Y.	Proxmire
Carlson	Kuchel	Ribicoff
Case	Lausche	Saltonstall
Church	Long, Mo.	Scott
Clark	Long, La.	Smith
Cooper	Magnuson	Tydings
Dirksen	Mansfield	Williams, N.J.
Fulbright	McCarthy	Yarborough
Gore	McGovern	Young, N. Dak.
Harris	McIntyre	
Hart	McNamara	

NOT VOTING—16

Byrd, Va.	McGee	Smathers
Dodd	Moss	Sparkman
Dominick	Neuberger	Talmadge
Ellender	Pearson	Tower
Fong	Pell	
Hill	Russell, Ga.	

So Mr. MORSE's amendment was rejected.

Mr. JAVITS. Mr. President, I call up my amendments, and ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Is there objection?

Without objection, the amendments will be considered en bloc.

The legislative clerk proceeded to read the amendments.

Mr. JAVITS. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with and that they be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. JAVITS are as follows:

S. 1837

On page 3, between lines 5 and 6 insert the following:

"(a) Amend section 201 (e), which relates to general authority, by inserting after the comma at the end of clause (1) the following: 'and that periodic progress reports will be made with respect to the self-help measures, public and private, planned and achieved in the recipient country.'"

On page 3, line 6, strike out "(a)" and insert "(b)".

On page 3, line 13, strike out "(b)" and insert "(c)".

S. 1837

On page 9, line 4, strike out "Section 252" and substitute "Title VI of chapter 2 of part I".

On page 9, between lines 6 and 7, insert the following:

"(a) Amend section 251(e), which relates to general authority, by inserting after the comma at the end of clause (1) the following: 'and that periodic progress reports will be made with respect to the self-help measures, public and private, planned and achieved in the recipient country.'"

(b) Amend section 252, which relates to authorization, as follows:

On page 9, line 7, strike out "(a)" and substitute "(1)".

On page 9, line 12, strike out "(b)" and substitute "(2)".

Mr. JAVITS. Mr. President, I call attention to the fact that the two amendments are designed to achieve the same objective; one relates to the Development Loan Fund, the other to the Alliance for Progress.

I yield myself 10 minutes.

Mr. President, the amendments seek to do one thing. They seek to pinpoint the fact that self-help measures taken by aid recipients—both public and private—are now essential elements of the foreign aid policy of the United States.

This could include anything ranging from invitation by a country to private foreign investment to reforms in the tax system.

An analysis of the 20 reports required under the Foreign Assistance Act of 1961, as amended, indicates that in none of them is there a specific requirement for progress reports on the self-help measures which are being taken by countries receiving aid.

These amendments are based on the idea which came from the Chamber of Commerce of the United States, that we should pinpoint, specify, and require specificity as to what countries are doing, on a country-by-country basis, in the way of self-help—public and private—for themselves. There should be a country-by-country report as to what is being done in the way of self-help measures and the progress made under those measures.

These amendments would write into law the current AID practice of taking stock of its efforts to encourage sound economic self-help reforms before spending good money after bad. I am aware that AID under the able leadership of David Bell, has made it a special point to put development loan borrowers on notice that they cannot expect endless assistance from U.S. taxpayers without taking the sometimes painful steps necessary to cure their economic ills rather than simply treat the symptoms.

However, this body has taken the position over the last several years, rightly I believe, that administrative practices—or even regulations—cannot be considered adequate insurance against personal administrative whims of change. If the Senate has said one thing clearly about the aid program, it has said that it must be strictly accountable to Congress.

The fact is that this requirement—accountability—on the part of the receivers of aid is the heart and spirit of our entire aid effort as we now know it. We say to the developing countries of the world in effect, "Yes, we will help you to develop—provided you make the effort to use our aid wisely and well."

Sound economic reforms, of course, may vary from country to country. There is nothing in this amendment which would force a given set of criteria upon any proud less-developed nation.

The country development plan as it is now emerging in many of the aid-recipient countries, need not and does not lead to a so-called government planned economy. The country development plan, as it has been painstakingly outlined and drawn up for example, within the private sector oriented Inter-American Committee for the Alliance for Progress—CIAP, after its Spanish initials—meets a number of the requirements of sound economic programing:

First, it objectively assesses the countries resources—natural, financial, and human.

Second, it conservatively projects the country's needs—not a shopping list for everything the country might like to have, but its minimum requirements to sustain a modest rate of growth.

Then it lays the one against the other to determine how much, and what kind of help it must have to reach minimum targets.

In this process, the private sector should and must be programed into the development plan. Its expertise must be tapped to get a true picture of where the country stands, economically, and where it has a logical basis to expect that it can go.

To get there, self-help and reforms are often required. The private sector, as

well as the responsible government, should and must have a say as to what can and will be done.

These amendments merely further this effort I have been describing.

These amendments, Mr. President, will better help our AID officials do what they are now attempting to do on the authority of administrative practice.

Mr. President, it is extremely desirable that this be done. The way I have redrafted the amendments, I do not believe they impose an unreasonable burden in the making of reports. The idea as it originally came from the Chamber of Commerce of the United States called for reports by the aid-recipient government, after consultation with representatives of its private sectors. I felt that that was probably an onerous requirement because it would compel our Government to insist on reports from recipient countries, which might prove difficult in view of nationalistic pride or the way many governments operate.

By redrafting the amendments, the reports could come from AID itself, or it could get the reports from the recipient countries, but the important point is that there should be a report on the self-help program and the progress made under it and that it should be specified on a country-by-country basis. It is a desirable element which Congress should have, and is desirable in the administration of the foreign aid program.

I have submitted these amendments to the manager of the bill. I hope very much, because of the distinguished source from which the suggestion comes, the leading business organization of the country, and in view of the fact that, as they are redrafted, they are quite reasonable in their reach, that the Senator from Arkansas will accept them.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. With the understanding—and I think this is a perfectly reasonable interpretation—that the periodic reports could be included in the annual report made to the Congress, and that they need not be separate.

Mr. JAVITS. That is correct; the only requirement is that there be a country-by-country report, although that could be rolled into one report.

Mr. FULBRIGHT. But only as to the country in which there had been progress. In other words, the Senator would not want a report only as an empty gesture.

Mr. JAVITS. That is correct; it should be made on the negative side, but only as to the countries specified in which there had been progress in self-help.

Mr. FULBRIGHT. Under those circumstances, I am willing to accept the amendments.

The PRESIDING OFFICER. Do Senators yield back their time on the amendments?

Mr. JAVITS. I yield back my time.

Mr. FULBRIGHT. I yield back my time.

The PRESIDING OFFICER. All time on the amendments has been yielded back.

The question is on agreeing to the

amendments of the Senator from New York en bloc.

The amendments were agreed to.

AMENDMENT NO. 230

Mr. JAVITS. Mr. President, I call up my amendment No. 230, and ask that it be read.

The PRESIDING OFFICER. The amendment will be read.

The legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 230) offered by Mr. JAVITS is as follows:

PART V

Peace by Investment Corporation

General Purposes

SEC. 501. The recent establishment of the "Peace Corps" reflects growing realization that governments and diplomatic relations alone cannot bring enduring peace, without the consolidation and expansion of people-to-people relationships. Economic relationships are fundamental to human relationships, and private economic endeavors are inseparable from systems of human freedom. This measure is designed to establish and expand people-to-people relationships in the economic field; to encourage an expanded flow of private capital investment from the United States into economically sound enterprises in underdeveloped areas of the world in the interest of world peace through mutual economic progress; to enlarge the number of private investors participating in this flow of capital so as to forge more direct links among the peoples of the world; to reduce gradually thereby the need for United States public investment and grants overseas; to help redirect the total flow of capital from the United States so that increasing portions of this total flow go to the underdeveloped areas, and thus be in better harmony with the domestic economic needs of the United States and the effective management of its international balance-of-payments problems.

Peace by Investment Corporation: basic functions

SEC. 502. There is hereby established a Peace by Investment Corporation (hereinafter referred to as the Corporation) with the following basic functions in accord with the purposes of this part:

(1) As an equity investment agency, to purchase the securities and obligations of, or make loans to (a) any underdeveloped country or political subdivision thereof, (b) any public agency or instrumentality of any such country, or (c) any private or semiprivate firm, corporation, or association doing or intending to do business wholly or mainly in any such country or countries for the purpose of financing or assisting in financing any undertaking to expand such industrial, mining, construction, or agricultural activity in such country or countries as will, in the judgment of the Corporation, further the purposes of this part;

(2) As an investment trust, to purchase minor stock interests in enterprises in the United States already in being under effective management and engaged substantially in investment in underdeveloped countries, to the extent that such purchases are clearly desirable in conducting the financial functions of the Corporation on a sound and prudent basis;

(3) To establish an insurance system, on an actuarially sound basis including such premiums as are required, designed to protect

all or part of the outstanding investments under paragraph (1) of this section against loss arising from any cause, including but not limited to political or military events;

(4) To establish a second insurance system (distinct from that pursuant to paragraph (3) of this section), on an actuarially sound basis including such premiums as are required, designed to protect against loss for specified causes, not including mismanagement, all or part of the outstanding investments of private investors (other than the Corporation) in an undertaking eligible for financial assistance under paragraph (1) of this section.

Basic criteria for investment program

SEC. 503. In carrying forward the investment program pursuant to paragraph (1) of section 502 of this part, the Corporation shall be guided by these basic criteria, and shall make appropriate findings accordingly:

(1) That each specific investment is in furtherance of an undertaking which is economically sound, actually or potentially profitable, and consistent with the sound long-range economic development of the country in which it is located;

(2) That the country in which the undertaking is located shall have had full information with respect to it and opportunity to express a judgment as to its desirability;

(3) That the investment is not in competition with nor duplicative of other private investment programs or other public programs of the United States or of international agencies which give reasonable promise of accomplishing comparable results in accord with the purposes of this part;

(4) That each investment, taking into account the country in which it is located, is in accord with the general international economic and political policies of the United States;

(5) That the investment program in general is consistent with the short- and long-range policy of the United States to maintain maximum employment, production, and purchasing power within the domestic economy;

(6) That the investment program in general is consistent with the short- and long-range need of the United States to maintain a satisfactory balance-of-payments position;

(7) That the investment program in general, and in its specific applications, is mutually beneficial to the country to which the investment flows and country from which it emanates, taking into account not only purely economic considerations but also consideration of human improvement under free institutions.

Basic Financing of Peace by Investment Corporation

SEC. 504. (a) The Corporation shall have a capital stock consisting in part of fifty shares of par value of \$1,000,000 per share of class A stock, which shall be the only stock of the Corporation having voting power so long as any of it is outstanding. This class A stock shall be subscribed to by the United States Government. The Secretary of the Treasury shall use the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, for the purpose of such subscriptions, and the purposes for which securities may be issued under such Act are extended to include such subscription. Payment under this paragraph to the Corporation for the subscription of the United States and repayments thereof shall be treated as public debt transactions of the United States. Certificates evidencing stock ownership by the United States shall be issued by the Corporation to the President of the United States or to such other person or persons as he may designate from time to time. Neither the provisions of the Securities Act of 1933, as amended, nor the

provisions of the Securities Exchange Act of 1934, as amended, shall apply to the Corporation or to the original issue of its securities while class A stock is outstanding.

(b) The Corporation is authorized to increase its capital stock by offering for public sale five hundred million shares of class B stock at par value of \$5 per share. This stock shall be placed on public sale to net the Corporation \$5 per share, with an override not exceeding 30 cents per share to cover distribution costs: *Provided*, That not more than two hundred and fifty million shares of this class B stock in the aggregate, nor more than seventy-five million shares in any one year, shall be sold so long as the Corporation remains an agency of the United States as provided in section 505(a) of this part. The Corporation, with approval of the Secretary of the Treasury, shall by regulation determine the maximum amount of such class B stock which may be held at any time by any individual, and the maximum amount which may be held at any time by business enterprise and other organizations of various types and sizes.

(c) The Corporation is authorized to issue from time to time, for purchase by the Secretary of the Treasury, its notes, debentures, bonds, or other obligations: *Provided*, That the issue of such obligations shall not exceed \$60,000,000 in any one year, nor shall the aggregate amount of such obligations outstanding at any one time exceed \$300,000,000, nor shall any such obligations be issued more than six years from the date of the first issue, nor shall any such obligations be issued except so long as the Corporation remains an agency of the United States as provided in section 505(a) of this part. Such obligations shall have such varied maturities, not in excess of twenty years, as may be determined by the Corporation with the approval of the Secretary of the Treasury, with periodic retirement of each obligation commencing in the first year subsequent to its original issue: *Provided*, That any such obligations may be retired at the option of the Corporation before maturity in such manner as may be stipulated therein. Each obligation purchased by the Secretary of the Treasury shall, so long as the Corporation remains an agency of the United States, bear interest at a rate determined by the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such obligation; and when the Corporation is no longer an agency of the United States, as provided in section 506 of this part, each such obligation shall bear interest at the rate of 4 percentum per annum. The Secretary of the Treasury is authorized for the purpose of this subsection to use a public-debt transaction the proceeds of any securities issued after July 31, 1945, under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment by the Treasury under this subsection of the purchase price of such obligations of the Corporation and repayment thereof by the Corporation shall be treated as public-debt transactions of the United States.

(d) One-fifth of the proceeds of the sale of class B stock issued under subsection (b) of this section shall be set aside by the Corporation in a special fund to be established by the Corporation. This special fund shall be utilized (1) to retire fully, within a period of six years or less from the initial issuance of such class B stock, the class A stock of the Corporation issued under subsection (a) of this section, and (2) to retire fully the obligations issued under subsection (c) of this section in accordance with the terms of retirement contained in such obligations. This special fund shall be invested or reinvested by the Corporation in interest-bearing obligations of the United States or in obligations guaranteed as to in-

terest and principal by the United States: *Provided*, That when the class A stock of the Corporation and the obligations issued under subsection (c) of this section shall have been retired in full, any balance remaining in this special fund shall be merged with other funds of the Corporation obtained through the sale of class B stock and shall thereupon be available for the general purposes of this part.

(e) Except as otherwise provided in this section, all funds available to the Corporation pursuant to this section, and as earnings from its operations, shall be available for its general purposes under this part.

Initial management of Peace by Investment Corporation

SEC. 505. (a) Until the conditions set forth in section 506 of this part are fully met, the Corporation shall be an independent agency of the United States.

(b) The management of the Corporation during its existence as an agency of the United States shall consist of a Board of Directors (herein referred to as the Board), composed of (1) five members appointed from private life by the President with the advice and consent of the Senate, who shall collectively possess broad experience in various areas of economic endeavor; (2) the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Labor, to serve ex officio; (3) four members to be appointed by the President from various United States agencies concerned with international economic development; and (4) a President and Executive Vice President of the Corporation, as set forth below, who may be appointed from private life or from public service. All members, except those serving ex officio, shall serve at the pleasure of the President.

(c) The Board shall elect a Chairman from among its members. Any vacancy in the Board shall not affect its powers, but shall be filled in the same manner as the original appointment. A majority of the Directors shall constitute a quorum, and action shall be taken only by a majority vote of those present.

(d) The Board shall designate an executive committee of seven members, not more than two of whom (exclusive of the President and Executive Vice President of the Corporation) shall be members appointed from private life. The executive committee shall perform the functions and exercise the powers of the Board at such times and to such extent as shall be provided in the bylaws of the Corporation.

(e) Members of the Board appointed from private life shall receive \$100 per diem when engaged in the actual performance of their duties, plus reimbursement for necessary travel, subsistence, and other expenses incurred by them in the performance of such duties.

(f) There shall be a President of the Corporation, to be appointed by the President, by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$28,500 per annum, and who shall serve as chief executive officer of the Corporation, as a member of the Executive Committee, and as a member of the Board. The President of the Corporation shall, in accordance with the bylaws, appoint such officers and employees as may be necessary for the conduct of the business of the Corporation, define their duties, and fix their compensation.

(g) There shall be an Executive Vice President of the Corporation, to be appointed by the President, by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$27,000 per annum. The Executive Vice President shall serve as President of the Corporation during the absence or disability of the President thereof or in the event of a vacancy in such office.

(h) No director, officer, attorney, agent, or employee of the Corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any government, corporation, partnership, or association in which he is directly or indirectly personally interested.

(i) The President may also appoint an advisory committee to the Board, composed of individuals drawn from private and public life outside of the United States, who need not be citizens or residents of the United States.

Transfer of Peace by Investment Corporation to private ownership and management

SEC. 506. (a) When the class A stock of the Corporation has been retired in full within the period of six years or less provided in section 504(d) of this Act, the Board shall transmit to the President of the United States, for submission to the Congress, recommendations for such legislation as may be necessary to provide for the orderly transition of the Corporation from an agency of the United States to a corporation under private ownership and management, including (1) appropriate provision for transfer to the owners of the outstanding class B stock of the Corporation the assets and liabilities of the Corporation, (2) appropriate provision for vesting in such owners of class B stock the exclusive voting power of the Corporation originally vested in the owners of class A stock, with each owner of class B stock being thereupon entitled to one vote per share, and (3) such additional provisions as may be necessary to protect any outstanding investments in the Corporation by the United States: *Provided*, That the President, in connection with such submission to the Congress, shall also provide recommendations as to whether a sufficient portion of the obligations purchased by the Secretary of the Treasury pursuant to section 504(c) of this part have been retired to justify the transfer of the Corporation from private to private ownership and management.

(b) In connection with such transfer, a complete and final accounting shall be made by the Corporation and the Government, at which time the Government shall receive reasonable compensation for all Government services rendered the Corporation.

General corporate powers and duties

SEC. 507. (a) For the purpose of carrying out its functions under this part the Corporation shall have succession in its corporate name; may adopt and use a corporate seal, which shall be judicially noticed; may sue and be sued in its corporate name; may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised; may make and carry out such contracts and agreements as are necessary and advisable in the conduct of its business, and may purchase, discount, rediscount, sell, and negotiate (with or without its endorsement or guarantee) and guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness in carrying out its functions under this part; may appoint and fix the compensation of such officers and employees as may be necessary for the conduct of its business, without regard to the civil service laws or the Classification Act of 1949, define their authority and duties, delegate to them such powers vested in the Corporation as may be necessary, require bonds of such of them as may be desirable, and fix the penalties and pay the premiums of such bonds; may assign or sell at public or private sale, or otherwise dispose of for cash or credit, upon such terms and conditions as shall be determined reasonable, any evidence of debt, contract, claim, personal

property, or security held by the Corporation in connection with the payment of loans or other obligations, and collect or compromise all obligations held by the Corporation; may set up or engage such subsidiary agencies in the United States or in underdeveloped countries as will facilitate the business of the Corporation and may enable such subsidiary agencies to sell class B stock or to sell their own stock for the purpose of buying class B stock; may acquire by purchase, lease, or donations such real property or any interest therein, and may sell, lease, or otherwise dispose of such real property, as may be necessary for the conduct of its business; shall determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to the provisions of this part, and provisions of law specifically applicable to Government corporations; may pay dividends on class B stock out of profits or other earnings; shall be entitled to the use of the United States mails in the same manner and upon the same conditions as may be applicable to the executive departments of the United States Government until such time as it ceases to be an agency of the United States; and shall be subject to Federal taxation from the time that it ceases to be an agency of the United States. The foregoing enumeration of powers shall not be deemed to exclude other lawful powers necessary to the purpose of the Corporation.

(b) Notwithstanding the provisions of section 955 of title 18, United States Code, any person, including any individual, partnership, corporation, or association, may upon proper authorization act for or participate with the Corporation in any operation or transaction engaged in by the Corporation.

(c) Section 101 of the Government Corporation Control Act, as amended (31 U.S.C. 846), is amended by inserting after "Saint Lawrence Seaway Development Corporation" the words "Peace by Investment Corporation".

Penal provisions

SEC. 508. (a) All general penal statutes relating to the larceny, embezzlement, or conversion of public moneys or property of the United States shall apply to the moneys and property of the Corporation.

(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States, makes false entry in any book of the Corporation, or makes false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both.

(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Reports and studies

SEC. 509. The Corporation shall submit to the President, for transmission to the Congress at the beginning of each regular session, a complete and detailed annual report of its operations under this part.

SEC. 510. The Corporation, immediately upon its establishment, shall commence studies of additional measures, including tax measures, which would further promote the flow of private capital from the United States to underdeveloped areas of the world and be consistent with the economic and financial policies of the United States. Such studies shall be amplified in the light of the experience of the Corporation. As soon as practicable, and not later than three years after the establishment of the Corporation, it shall

prepare for transmission to the Congress the initial results of such studies, including legislative recommendations.

Citation

SEC. 511. This part may be cited as the "Peace by Investment Corporation Act of 1965".

Mr. JAVITS. Mr. President, this amendment proposes to authorize the establishment of a private enterprise corporation to do in the foreign aid field what the so-called Comsat is doing in the communications satellite field—joining private effect and the national purpose. It would provide for a federally-chartered Corporation, functioning initially as an agency of the United States, but following a period of orderly transition, becoming a privately owned and managed business organization. The Government would help the corporation to get off the ground by initially subscribing to the stock of the corporation to enable it to go into business. For a period of years the Corporation would have a mixed government-private board of directors; and when the operation was substantially financed by investors of the United States, it would become a strictly private corporation but with a very important part in the foreign aid efforts of the United States.

The Corporation contemplates a capital of \$2,500 million through the sale of 500 million shares of stock at \$5 a share.

The fact that this matter is brought up at all at this time is attributable to the success of Comsat and to the search which the amendment exemplifies, for some other way to deal with foreign aid. We know by now that not all foreign aid is infra-structure—roads, education, sanitation, sewers, and so forth—but that a great deal of foreign aid goes into those parts of the development of a country which could very well be accomplished by private investment.

There are many international agencies lending money. There are many private investment companies which are engaged in this effort; yet, the gap is large between what is needed to do the foreign aid job, and what is available.

Estimates are somewhere in the area of \$6 billion to \$11 billion a year. It seems desirable, for the reason that it is a person-to-person effort, to bring the American investor into the foreign aid concept and to let him buy a share in what by now has become so deeply established an element of the foreign policy of our country—namely, economic aid to the underdeveloped areas of the world.

This idea has been around for years. This is the third Congress in which I have introduced this measure. This time, I am very proud to say, it is sponsored not only by me, but also by the Senator from Indiana [Mr. HARTKE], the Senator from Oregon [Mr. MORSE], the Senator from Rhode Island [Mr. PELL], the Senator from Kentucky [Mr. COOPER], and the Senator from Pennsylvania [Mr. SCOTT]. It is very much a bipartisan effort. It has had interested comment and study by AID, Treasury, and Commerce. It has now come under the scrutiny of the Advisory Committee

on Private Enterprise in Foreign Aid, which will make a historic report, in my judgment, by the 30th of June.

I am honored to have been the sponsor of the amendment which brought the Advisory Committee into existence. It has done a fabulous job under Arthur Watson of the International Business Machines Corp. as its chairman.

In view of the situation I have described as to the success of Comsat, plus the search for some new way to deal with major parts of the foreign aid program, I feel now that the idea is entitled to and deserves a thorough study and consideration by Congress.

I am by no means of the feeling that the amendment in the form in which I have submitted it, is final but I feel now—with the recommendation which has been made to the chairman of the Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT], by the Administrator of AID—that perhaps the Senator from Arkansas could give the Senate some assurance—and I hope very much that he will—that this year through either an ad hoc subcommittee or some small organization within the Foreign Relations Committee which the chairman of the Foreign Relations Committee might authorize, this whole concept may be given appropriate hearing.

I have undertaken in turn, I may say to the distinguished Senator from Arkansas—and I make it publicly because I have already discussed it with him privately—to do my utmost—and I know that I can be successful—to work out with AID and private exports the mechanical details of the bill in such a way that when it comes before the Senate or the ad hoc committee of the Foreign Relations Committee, the details of the bill will be settled and the questions which it will be called upon to consider and advise the main committee about—and in turn I hope also the Senate—will be the desirability, timeliness, and the statesmanship involved in the basic idea.

We have talked a great deal about new ways to deal with the foreign aid program. This is a really new way—namely, by a mixed public and private enterprise program such as was tried and seems to be such a remarkable success as COMSAT. I hope very much that we may have assurances from the chairman of the Foreign Relations Committee, to whom I am eternally grateful for his cooperation and his sympathetic consideration of this matter.

Without his help, I would not have reached this point. I hope that we may have hearings on this subject this year.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. I am quite sure, in view of the fact that the AID bill itself has gotten along as far as it has to date, that there will be time for a hearing on the amendment.

I hold in my hand a letter from the Administrator of AID, who recommends a hearing on the amendment. It is before the committee, although it has not been there very long—it was introduced only on May 19—but I assure the Senator from New York that we shall do our

best to have a hearing before we adjourn.

I anticipate that Congress will be in session until about August, so there will be ample time to hold the hearing. If Congress should adjourn on July the first—I cannot be so sure—but I believe that there would still be ample time for a hearing.

I am sure that the Senator does not expect the amendment to be adopted this year, but we shall have hearings and get it rolling. As the Administrator of AID says, he believes that the subject deserves exploration in depth. He believes that the idea has much possibility, but he cannot recommend its enactment at this time.

Mr. MORSE. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 3 minutes.

Mr. MORSE. Mr. President, I believe that we can have hearings on the amendment. I am a cosponsor of the amendment and share the views of the chairman of the Foreign Relations Committee. I believe that the foreign aid bill is the appropriate vehicle to incorporate this fine idea, and the amendment should go to a hearing.

The chairman of the Foreign Relations Committee has assured us that it will go to a hearing. The Senator from New York knows that I am disappointed that the State Department and the AID authorities have not given more favorable consideration in the past to the making of greater use of the private segment of the economy in two respects, both in connection with administering part of the foreign aid program, that they are better qualified to administer it than anyone in the AID organization and, second, because unless we make greater use of the private segment of the economy in connection with the foreign aid program, we can justifiably continue to be charged with rank hypocrisy when we talk about exporting economic freedom. We are not exporting economic freedom except in de minimis proportions. This is a vehicle for demonstrating the superiority of economic freedom over the policy of economic enslavement which goes along with communism.

I believe this is one of the most effective instruments we have for the defeat of communism, to defeat communism with economic freedom. We cannot defeat it with military aid or bombs.

Therefore, I am very glad that the Senator from New York has raised this question. I am as enthusiastic for his amendment as I have ever been, and I hope that it will go to early hearing. This hearing and the record made upon it will be of inestimable value to the special committee which we hope will be established for a complete study of foreign aid during the next 2 years.

Mr. JAVITS. Mr. President, I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, we have the opportunity now to really work on new initiatives. I am always reminded of the great work accomplished by the

Senator from Oklahoma in the International Development Association, a new idea which was developed in the Senate. I am proud of my sponsorship of the Adela Investment Corporation, which has become one of the most signal successes in aid in Latin America in the development of any kind in the private enterprise field. I am highly pleased at the openmindedness with which the Peace By Investment Corporation idea is being approached on the part of the chairman of the Foreign Relations Committee, and I hope also on the part of the Senate.

I agree that it is a matter of a unitary character, and should be a piece of legislation, probably coming from the committee or perhaps standing alone or perhaps as a part of the new concept of foreign aid which we shall ultimately see come into being in the not too distant future. In any event, it is an important effort to break through with new techniques of mixed public and private enterprise, of which Comsat is a very good example.

I am grateful to the chairman of the committee for his cooperation. I am sure this will turn out to be of inestimable value to our Nation. I am also grateful to the Senator from Oregon [Mr. MORSE] and the other Members of the Senate for their cooperation and stimulus.

In conclusion, I have a somewhat personal reason for being so pleased with this development. The author of the idea is my brother, Benjamin A. Javits, a distinguished New York lawyer and economist. He has been working on this idea for 20 years, and has been joined by Leon Keyserling, former chairman of the Council of Economic Advisers and has had the benefit of his expertise. They have developed this concept to its present form. Now they will have the help of Government departments in articulating it in a way in which it will make the most sense. I am highly pleased that we have finally come to this point.

With the gracious assurance of the chairman of the committee, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

AMENDMENT NO. 248

Mr. MORSE. Mr. President, I send to the desk my amendment No. 248, which I have modified. It deals with aid to Greece and Turkey.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, after line 22, add the following:

(f) At the end thereof add a new section as follows:

"Sec. 620A. (a) Notwithstanding any other provision of this Act—

"(1) the total amounts obligated or reserved during fiscal year 1966 for assistance under part I of this Act to Turkey and Greece shall not exceed an amount equal to 75 per centum of the amount specified for such purpose for each country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1963; and

"(2) the total amounts obligated or reserved during fiscal year 1966 for assistance under part II of this Act to Turkey shall not exceed 75 per centum of the respective amounts specified for such purpose for such country in such presentation material.

"(b) The President shall determine the amounts by which the sums available for assistance to Turkey are less than the sums which, but for the provisions of this section, would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury."

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, I shall be very brief on the amendment. What the amendment seeks to do is to reduce projected aid for Greece and Turkey by 25 percent below the figures submitted in the presentation.

We have no plans for economic aid to Greece in the forthcoming fiscal year, nor did we have any in the past fiscal year.

But contrary to all logic, we are planning to increase military aid to both Turkey and Greece.

Both are using our military aid to threaten each other over the Cyprus issue. Here is an issue that has long smoldered in the Mediterranean area and will continue to smolder as long as both sides can count on the United States to furnish the military equipment they need for their confrontation.

Here, as in the case with Pakistan and India, we have justified our aid to Greece and Turkey as affording us an opportunity to exercise some influence over their relations with each other. But we have not exercised it in the only way it can be effective: by letting them know that we will not provide them with the tools to make war with each other.

Surely there is no security purpose to be served by war in the Mediterranean. The United Nations has managed to keep the lid on at least temporarily. But with the United States not only permitting the use of its military aid in the Cyprus situation, but planning to increase that aid to the conflicting parties, we are going to make the job of the U.N. much more difficult.

Neither Greece nor Turkey is under any threat of invasion from the Soviet Union. Neither is under any threat of invasion or attack from any country except the other.

It is madness to exacerbate their already bad relations by providing them with increasing amounts of military aid, and my amendment would cut back the planned sum for fiscal 1966 by 25 percent. However, that is not a cut of 25 percent from current levels, because an increase is planned for this year. This is what I said with regard to India and Pakistan also. I do believe that the adoption of my amendment would help immeasurably to bring a peaceful solution to the Cyprus issue, something we have not achieved with our huge quantities of military aid.

Mr. President, I again invite the attention of Senators to the reports of the

Comptroller General. I know it is difficult for Senators to face up to these reports. However, the reports show shocking waste in past aid to both Greece and Turkey. Some of the reports to which I referred last Friday are devastating in regard to the waste and inefficiency in the use of our funds in Turkey.

Do Senators know where a good deal of this money for economic aid is going in Turkey? It is not being used to build up economic freedom—no matter how it is described—but is used in the nationalization of industry, which is a form of economic totalitarianism. It is not used to build up economic freedom, but to entrench the present Government of Turkey, which is anything but a democratic form of government.

The Comptroller General's reports show the use of our money for overemployment in nationally owned industries, operated by the Government.

I am a little weary of using taxpayer money to support totalitarianism around the world, while at the same time our Government, at least superficially, if not hypercritically—and I think hypercritically—talks about our supporting freedom. We ought to start supporting freedom. Here is a good place to start, in Turkey, by making clear that we will cut back on the aid to Turkey, and also on military aid to Greece.

Lastly I find it a little difficult to understand the pouring of our money into Greece and Turkey in view of anything but gestures of friendship which both governments have made toward us in recent months over the Cyprus affair. They do not want any intervention at all.

They did not want the United Nations to come in at all. That was a subsequent development. When we finally got around to giving up our unsound position of trying to get NATO into Cyprus, and joined with others in support of having the United Nations go into Cyprus, we did not get any bouquets from Greece and Turkey, particularly not from Turkey.

I do not know how much longer we shall continue to pour out millions of dollars of taxpayer money to international insulters of American taxpayers. They insult American taxpayers when they insult the American Government.

Here again I believe that psychologically it is most desirable that we make clear to Greece and Turkey that we will not increase their military aid and will not continue to give them support in threatening the peace of the world in the Mediterranean.

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes. I do not believe it is necessary to repeat the argument that I made on the other two amendments. The amendment violates an important principle of legislation by picking out two countries, both of them our allies, and saying specifically that they shall not receive more than 75 percent of the presentation that has been made. It would be very bad policy for us to adopt the amendment. I hope the Senate will vote it down.

I am prepared to yield back the remainder of my time.

Mr. MORSE. The Senator has made what I call a blanket argument. In other words, we should keep all this program under the blanket and smother it under the blanket. That is the blanket argument. Why should not the Congress live up to its responsibility when we have the evidence on Greece and Turkey, and start cutting? Why should we accept the argument that we must not name the wastrel, or that we must not name those who are guilty of abuses. One of the best ways to end the inefficiency and waste is to proceed to pinpoint inefficiency and waste.

We ought to make the cut of 25 percent that I have asked for. Do not forget that it is proposed to give those countries more this year than they were given last year.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Oregon. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN (when his name was called). On this vote I have a pair with the senior Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from Hawaii [Mr. INOUE], the Senator from Louisiana [Mr. ELLENDER], the Senator from Wyoming [Mr. MCGEE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Utah [Mr. MOSS], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Oregon [Mr. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. MCGEE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Hawaii [Mr. INOUE] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Connecticut would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Kansas [Mr. PEARSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], the Senator from Kansas [Mr. PEARSON], and

the Senator from Texas [Mr. TOWER] would each vote "nay."

The result was announced—yeas 2, nays 80, as follows:

[No. 126 Leg.]

YEAS—2

Eastland

Morse

NAYS—80

Aiken	Harris	Mondale
Allott	Hart	Montoya
Anderson	Hartke	Morton
Bartlett	Hayden	Mundt
Bass	Hickenlooper	Murphy
Bayh	Hill	Muskie
Bennett	Holland	Nelson
Bible	Hruska	Pastore
Boggs	Jackson	Prouty
Brewster	Javits	Proxmire
Burdick	Jordan, N.C.	Randolph
Byrd, W. Va.	Jordan, Idaho	Ribicoff
Cannon	Kennedy, Mass.	Russell, S.C.
Carlson	Kennedy, N.Y.	Saltonstall
Case	Kuchel	Scott
Church	Lausche	Simpson
Clark	Long, Mo.	Smith
Cooper	Long, La.	Stennis
Cotton	Magnuson	Symington
Curtis	Mansfield	Thurmond
Dirksen	McCarthy	Tydings
Douglas	McGlellan	Williams, N.J.
Ervin	McGovern	Williams, Del.
Fannin	McIntyre	Yarborough
Fulbright	McNamara	Young, N. Dak.
Gore	Metcalfe	Young, Ohio
Gruening	Miller	

NOT VOTING—18

Byrd, Va.	McGee	Robertson
Dodd	Monroney	Russell, Ga.
Dominick	Moss	Smathers
Ellender	Neuberger	Sparkman
Fong	Pearson	Talmadge
Inouye	Pell	Tower

So Mr. MORSE's amendment was rejected.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I yield myself time under the bill.

I should like, first, to query the majority leader about the program for the remainder of the day, and then to ask him, if he can respond, what is likely to be taken up after the morning business has been concluded tomorrow.

Mr. MANSFIELD. Mr. President, it is hoped that we shall be able to finish the pending bill at a reasonably early hour tonight; and as of now, the prospects look fairly good. We shall keep in mind the commitments which various Senators have, due to particular circumstances this evening, and try our best to accommodate them.

I have spoken with the distinguished chairman and certain other members of the Committee on Foreign Relations, including the ranking Republican members, the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Kansas [Mr. CARLSON], and also the Senator from North Dakota [Mr. YOUNG] with respect to making an explanation of a treaty to extend the International Wheat Agreement. I hope that following the explanation it will be possible to enter into a unanimous-consent agreement to vote on that treaty possibly at about 12:30 p.m. tomorrow.

Following that, the Senate will take up the excise tax bill, and following that, the debt limit bill. Somewhere in between, at the request of interested Senators it is planned to take up the bill having to do with the labeling of cigarettes, and for other purposes. That will give

the Senate a heavy schedule for the remainder of the week.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. I believe I owe it to the majority leader as well as to the Senate to outline quickly what my plans are in regard to further amendments this afternoon.

Mr. MANSFIELD. We would appreciate hearing them.

Mr. MORSE. I feel bad because some Senators will be inconvenienced by reason of the fact that they will not be able to leave in time for the early planes they expect to take, at 6:20 and 6:30 p.m. I am sorry about that. But I shall not forgo what I consider to be my obligation to complete the record. I shall offer certain additional amendments. I shall not take anywhere near my full time, if I may have yea-and-nay votes on them. It is important to establish the position of the Senate by yea-and-nay votes because these will be matters of public concern, I am convinced, for some time to come.

I shall offer an amendment, without any debate other than to set forth the reasons I have heretofore stated, to cut by 10 percent the aid to Greece and Turkey because, as I have already said, reports from the Comptroller General convinced me that what is being supported in Turkey is state socialism of a most undesirable type in many state industries, and a large amount of shocking waste in connection therewith.

I shall offer an overall Alliance for Progress cut and shall give my reasons. I do not believe that will take me more than 5 minutes. I shall offer an amendment to reduce military aid to Latin America, not covered in the \$25 million bracket which we have already approved for allocation to a hemispheric police force.

I shall offer one other amendment, which includes several countries in the Middle East area in regard to which the Comptroller General's report shows a shocking waste.

I shall lump them together in an amendment proposing a 10-percent cut. The purpose of the cut is psychological more than anything else.

I believe that we ought to go on record in opposition to the course of conduct that many of these countries are following. These amendments, in my judgment, are justified if we rely on nothing else than the Comptroller General's report.

The total number of amendments, so far as the senior Senator from Oregon is concerned, will not take 20 minutes of discussion on my part, if we can get a record vote on them.

Mr. MANSFIELD. Mr. President, I appreciate the statement of the Senator from Oregon. I assure him that I appreciate his cooperation and counsel in expediting this measure and he has been most helpful. I assure the Senator that he will have yea-and-nay votes.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. PASTORE. Mr. President, the distinguished majority leader has not

mentioned the silver coinage bill. When is it proposed that that measure be taken up?

Mr. MANSFIELD. Next week, likely.

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished senior Senator from Oregon how many amendments he has.

Mr. MORSE. Four.

Mr. DIRKSEN. I have other amendments that I have not had an opportunity to present. I wonder if other Senators have amendments.

Mr. GORE. Mr. President, I do not have an amendment. However, an amendment was agreed to earlier in the day by a voice vote. This action may lead me to ask for reconsideration of the vote.

I had left word with the Senator from Arkansas [Mr. FULBRIGHT] that I wished to be notified and have a quorum call requested before amendment No. 286 was offered.

The Senator from Arkansas was at lunch. I left in order to meet some constituents. In the meanwhile, another Presiding Officer was in the chair.

The amendment was called up and agreed to by a voice vote.

The amendment is a very important one and would require reconsideration unless an agreement is reached by colloquy. It may not take very much time. However, I advise the distinguished minority and majority leaders that the matter may arise.

Mr. DIRKSEN. Mr. President, I inform the majority leader that probably rollcalls from perhaps 6 o'clock to 7:15 might be accumulated, because we expect to honor a Senator on the minority side and then return to the discussion, if that can be done.

Mr. MANSFIELD. Mr. President, I express the hope that the Senate will recognize the peculiar circumstances in this instance. Some Senators will be going to the White House for the Arts Festival. We have a special occasion here. I believe it would be reasonable to expect—I hope I am correct—that during this period of 1 hour, we might let the votes accumulate, so that we can go ahead and consider the amendments.

Mr. MORSE. Mr. President, I am perfectly willing, as the distinguished majority leader knows, to agree to any procedural arrangements that may be worked out which would in no way impair the obtaining of yea-and-nay votes.

Mr. MANSFIELD. The Senator will receive his yea-and-nay votes.

Mr. MORSE. Mr. President, for my own protection, and to portray a better understanding of my position—and the distinguished majority leader will verify this—in my judgment, we are saving several days of debate on this subject.

I was the one who initiated the suggestion. I went to the two leaders and said, "I believe that the attitudes of Senators are pretty well crystalized as to where they will stand on foreign aid. They know the position that the two sides will take. I do not want to drag this debate out all this week and next week. I am perfectly willing to enter into a unanimous-consent agreement to limit the time to 30 minutes to a side

Mr. DIRKSEN. Mr. President, it is with unalloyed pleasure that I yield a moment to the distinguished lady from Maine.

Mrs. SMITH. Mr. President, I deeply appreciate what the majority leader and the minority leader have done today. Again I say "Thank you," in a very difficult time.

I am most grateful for such generous recognition by the Members of the U.S. Senate. I have been very fortunate because while the unbroken string of votes has required a considerable amount of scrambling on time to be back in Maine every month for 97 consecutive months without a miss, it has taken a lot of good luck.

I could not have done it without a number of kindnesses granted me. The Good Lord has granted me such wonderful health to be able not to miss a vote during this stretch. The people of Maine have extended such generous understanding to me when I have regretted that I could not accept speaking invitations back home when doing so might risk my missing a vote.

I have never asked that there be no rollcall votes at any particular time in order to save my record. But I owe a great deal of this record to a very efficient and thoughtful young man, William Brownrigg III, assistant secretary for the minority. Bill has very efficiently and very accurately kept me posted on the prospects of rollcall votes. Without his interest, I could not have made this record.

And I must give credit to my assistant, Bill Lewis, who many, many times has driven all night between Washington and Maine to either get me to Maine for a speaking commitment the next day after the Senate had rollcall votes late into the evening—or to get me back from an evening speaking engagement in Maine to be present and voting in the Senate the next morning.

On this occasion of such generous recognition, I want to convey my own respects to two other Members of Congress who have greater records than mine in some respects. Although my 2,000 consecutive rollcall votes without a miss is the longest consecutive rollcall record, Representative CHARLES E. BENNETT, of Florida, has the champion record on time for he has not missed a rollcall vote since June 5, 1951. He has a record of 1,357 consecutive rollcall votes for a continuing period of more than 14 years. Representative WILLIAM H. NATCHER, of Kentucky, has a perfect rollcall voting attendance record as he has not missed a one of the 1,137 rollcall votes had in the House of Representatives since he started his service there nearly 11½ years ago on January 6, 1954.

Again, Mr. President, I want to say "Thank you" to EVERETT and to MIKE, and to thank you all for your very generous recognition of what I have tried to do. [Applause, Senators rising.]

The PRESIDING OFFICER. The question is on agreeing to the resolution. The resolution was unanimously agreed to.

The preamble was agreed to.

FOREIGN ASSISTANCE ACT OF 1965

The Senate resumed the consideration of the bill (S. 1837) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. LAUSCHE. Mr. President, what is the understanding concerning the current business of the Senate?

Mr. MANSFIELD. Between 6:15 and 7 o'clock the votes will accumulate, but the discussion will go on.

Mr. LAUSCHE. Between 6:15 and 7 o'clock? I thought it was between 6 o'clock and 7 o'clock?

Mr. MANSFIELD. Between 6:15 and 7 o'clock.

Mr. LAUSCHE. I thank the Senator from Montana.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 248

Mr. MORSE. Mr. President, I ask unanimous consent to have my preceding amendment called up and stated. It is the amendment on Greece and Turkey, to change the 25 percent to 10 percent.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. MORSE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. MORSE is as follows:

On page 18, after line 22, add the following:

"(f) At the end thereof add a new section as follows:

"SEC. 620A. (a) Notwithstanding any other provision of this Act—

"(1) the total amounts obligated or reserved during fiscal year 1966 for assistance under part I of this Act to Turkey and Greece shall not exceed amounts equal to 90 per centum of the amounts specified for such purpose for each country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1965; and

"(2) the total amounts obligated or reserved during fiscal year 1966 for assistance under part II of this Act to Turkey and Greece shall not exceed 90 per centum of the respective amounts specified for such purpose for each country in such presentation material.

"(b) The President shall determine the amounts by which the sums available for assistance to Turkey and Greece are less than the sums which, but for the provisions of this section, would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury."

Mr. MORSE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield for a moment?

Mr. MORSE. I am glad to yield.

Mr. MANSFIELD. Inasmuch as there are enough Senators in the Chamber at this moment, and in view of the fact that there will be no yea-and-nay votes undertaken between 6:15 and 7 o'clock, I ask unanimous consent that any amendments offered during that time—on the basis of asking for the yeas and nays—be given due recognition.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. There will be votes after we return at 7 o'clock.

Mr. MORSE. Mr. President, this is the same amendment except for the difference in percentage from 25 percent to 10 percent for Greece and Turkey. That would still give them as much money as they are getting at the present time, or more.

I make my points quickly.

First, I do not see how anyone can deny the soundness of my amendment based upon the findings of the Comptroller General. We can make these cuts and still not come within the savings which the Comptroller General reports indicate should be made.

Second, we are dealing with two countries which are threatening the peace of the world, and yet it is proposed that the United States build up more military power for them.

It does not "add up." It does not make sense. I believe that from a psychological standpoint, we ought to adopt the amendment, to demonstrate to the world that there is a limit to our granting money for economic aid when countries spend money illegally. Greece and Turkey spend theirs illegally when they use American military aid to threaten each other. I do not accept the argument of the Senator from Arkansas that we should not single out individual countries for making savings, because, as he claims, we supposedly would offend them. That is a blanket coverup argument. It tries to conceal the facts from the American people. We have a duty to single out countries which the Comptroller General has found are wasteful and inefficient. Ten percent is a fair minimum amount that we ought to cut.

Mr. FULBRIGHT. I yield four minutes to the Senator from New York.

Mr. JAVITS. Mr. President, it so happens that this is a subject in which I am deeply immersed. I do not believe that we could do anything less wise than to adopt this amendment. I am chairman of a committee of the NATO Parliamentarians' Conference, to which I am a delegate, appointed by the Senate, which is now trying to work out a great program of economic cooperation between Greece and Turkey.

We have had extraordinary success in persuading the business communities of Greece and Turkey, with the consent of their governments, to sit down and talk about how these countries could economically work together, notwithstanding Cyprus. I have raised money from foundations to finance these studies, and they are very well underway. We are already in the process of appointing a distinguished executive director for the

project. It is expected that before these ideas were choate and ready to be implemented, about 6 months or a year would go by, with the expectation that by then Cyprus might be out of the way, and that this plan would immediately come into being.

There is tremendous disaffection with the United States in Turkey. She suspects that we have been too partial to Greece over Cyprus. This is the first flirtation that has ever taken place between Turkey and the Soviet Union. It has only recently occurred. It preceded a drastic change of government in Turkey.

Mr. President, Turkey will be having elections this fall, within the next few months. The government in office has gone back to the so-called Justice party period of the Menderes regime. Everyone knows the great upset in Turkey which occurred when Menderes was executed. This election will result in Turkey either looking toward a new era like that of the Venizelos-Ataturk accord, which lasted until the Cyprus situation arose, for well over 30 years, or it will result in demagogues taking over and possibly bringing about what was not done in the Truman days, a reorientation between Turkey and the Soviet Union.

There are a few other delicate and sensitive situations, like Vietnam and the Arab-Israel situations, but I do not know of any more delicate or sensitive situation anywhere in the world than here. Even if this proposal were never to become law—and I am confident that it will not become law—I do not know of anything that would be more of a thunderclap or shattering blow to everything that everyone has been trying to do in that area, than a development of this kind. Greece and Turkey are the two underdeveloped countries in NATO. NATO has been remiss—and that includes ourselves—in not doing more to shore up this situation.

Turkey has been considered the toughest rampart on the south flank of the Soviet Union. In the past 6 months this rampart has become a little shaky, because of the feeling on the part of the Turks that we have been too partial toward Greece with respect to the Cyprus situation.

The entire situation is delicately balanced. This subject is one I know about in great detail. I am hopeful of the possibilities that I have described. With all the good will which the Senator from Oregon is displaying, I hope and pray that in this particular instance the Senate will not rock the boat.

Mr. MORSE. We get the same old argument that we have just heard from the Senator from New York every time we try to do something about these things. Someone will always say that we are in the midst of negotiation and in conference. Whenever they see that there is developing in this country a determination on the part of some that a course of action being followed be stopped, we get the same apologists saying that things are getting better.

The record is against them. In Turkey the totalitarians are in control. We are not dealing with a free government. We

are supporting shocking examples of socialism in Turkey. The Comptroller General's report shows a waste of American taxpayer money.

I am not interested in all the talk about being in the process of conversations with them. It is about time that representatives of the people of the United States make clear to these wasters that we do not have any more money to waste.

Mr. FULBRIGHT. Mr. President, I yield myself 1 minute. I associate myself with what the Senator from New York [Mr. JAVITS] has said. I do not need to repeat his argument. In addition to that argument, it is wrong and bad practice to pick out countries, particularly friendly countries, and engage in this kind of effort to discipline them in connection with the pending bill. It is a bad practice from any point of view, whether it involves Turkey, Greece, or any other country.

Therefore I hope the Senate will not adopt the amendment.

I yield back the remainder of my time.

Mr. MORSE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE].

The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. MCGEE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Utah [Mr. MOSS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. MCGEE], the Senator from Rhode Island [Mr. PELL], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Oklahoma [Mr. MONRONEY].

If present and voting, the Senator from Virginia would vote "yea" and the Senator from Oklahoma would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Kansas [Mr. PEARSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Hawaii [Mr. FONG], the Senator from Kansas [Mr. PEARSON], and the Senator from Texas [Mr. TOWER] would each vote "nay."

The result was announced—yeas 6, nays 79, as follows:

[No. 127 Leg.]

YEAS—6

Eastland	Gruening	Robertson
Ellender	Morse	Young, Ohio

NAYS—79

Aiken	Harris	Mondale
Allott	Hart	Montoya
Anderson	Hartke	Morton
Bartlett	Hickenlooper	Mundt
Bass	Hill	Murphy
Bayh	Holland	Muskie
Bennett	Hruska	Nelson
Bible	Inouye	Pastore
Boggs	Jackson	Prouty
Brewster	Javits	Proxmire
Burdick	Jordan, N.C.	Randolph
Byrd, W. Va.	Jordan, Idaho	Ribicoff
Cannon	Kennedy, Mass.	Russell, S.C.
Carlson	Kennedy, N.Y.	Saltonstall
Case	Kuchel	Scott
Church	Lausche	Simpson
Clark	Long, Mo.	Smith
Cooper	Long, La.	Sparkman
Cotton	Magnuson	Stennis
Curtis	Mansfield	Symington
Dirksen	McCarthy	Thurmond
Dodd	McClellan	Tydings
Douglas	McGovern	Williams, N.J.
Ervin	McIntyre	Williams, Del.
Fannin	McNamara	Yarborough
Fulbright	Metcalf	
Gore	Miller	

NOT VOTING—15

Byrd, Va.	Monroney	Russell, Ga.
Dominick	Moss	Smathers
Fong	Neuberger	Talmadge
Hayden	Pearson	Tower
McGee	Pell	Young, N. Dak.

So Mr. MORSE's amendment was rejected.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The bill is open to further amendment. The Senator from Oregon is recognized.

AMENDMENT NO. 242

Mr. MORSE. Mr. President, I offer my amendment No. 242, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 9, beginning with line 7, it is proposed to strike out down to the semicolon in line 9 and insert in lieu thereof the following:

(a) In the first sentence strike out "1963, 1965, and 1966, not to exceed \$600,000,000 for each such fiscal year" and substitute the following: "1963 and 1965, not to exceed \$600,000,000 for each such fiscal year, for use beginning in each of the fiscal years 1966 and 1967, not to exceed \$500,000,000 for each such fiscal year".

Mr. MORSE. Mr. President, I yield myself as much time as I may need.

Mr. President, it is with reluctance that as chairman of the Subcommittee on American Republics Affairs of the Committee on Foreign Relations I feel compelled by the record to offer this amendment. I still have great hopes for the Alliance for Progress; but the Alliance for Progress needs appraisal on the part of our Latin American allies themselves. If there were no other argument in support of my amendment—and there are many that I shall advance—the compelling argument is that the amendment would induce our Latin American allies to reappraise their part in the Alliance for Progress.

There was a time when we were beginning to get some cooperation from our

Latin American neighbors in the Alliance for Progress. But, in my opinion, the trend is in the opposite direction at this time. They have a tendency to feel that the Alliance for Progress appropriations are "in the bag"; that we are so committed to the Alliance for Progress that we are going to give our Latin American allies substantial contributions under the Alliance for Progress, irrespective of what they do or do not do. Much of my criticism of the Latin American countries is in regard to what they do not do.

The Alliance for Progress was designed by President Kennedy as a cooperative program, a program of mutuality, a program of reciprocity. But I cannot escape the conclusion that most of the doing has been by the United States, by reason of too many Latin American countries believing that they have a right to be on the receiving end of the program.

I have before me an article entitled "Leftists Keep Eye on Ecuador Plum," published in my hometown newspaper, the Eugene Register Guard, under date of June 7, 1965. Ecuador is a good example of what I mean. I ask unanimous consent that the entire article be printed at the conclusion of my remarks in support of the amendment.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, Ecuador received \$30 million in aid last year, \$40 million in 1963, and \$39 million in 1962. Yet now, as the article points out, Ecuador's economic problems are increasingly burdensome. The reason for the economic problems of Ecuador and other Latin American countries, some of which I shall mention in this brief speech, is that there has not been a real attempt on the part of Ecuador to put its economic house in order. The United States cannot continue to support political regimes in various countries in Latin America when all we get from them is talk and little or no action in regard to instituting the necessary economic reforms, as well as other reforms, that are so essential if the Alliance for Progress is to have any chance of succeeding.

It would be salutary to reduce the amount for the Alliance for Progress this year from that requested by the administration by \$100 million, but making it perfectly clear at the time the reduction is made that we are willing to sit down and work out with any country in Latin America an Alliance for Progress program that will, in fact, be one in which they will cooperate and do something about making the necessary changes, so that it will be unnecessary to write, as the writer of this article does, about the increasingly burdensome economic problems of Ecuador. Thirty million dollars was provided for Ecuador in 1964, \$40 million in 1963, and \$39 million in 1962. But still there is no economic stability in Ecuador, due in large measure to the faults of the Government, due in large measure to the failure on the part of the Ecuadorian Government to adopt the necessary political and economic forms essential to stability.

We cannot continue to pour money into a country such as Ecuador if we are not going to get an effective attempt on the part of the Ecuadorian Government to institute the necessary economic changes that will remove the finding, as set forth in the article, that their economic problems today, in spite of our aid, are increasingly burdensome.

Ecuador is not alone. All I need do is to mention the Dominican Republic. What a mess. Yet we have poured into the Dominican Republic huge sums of money. There has been no attempt to democratize the Dominican Republic, an attempt so essential, in my judgment, to economic stability, and so essential to the economic relief of the mass of the people. The people will not receive economic benefits related to either political or economic democracy if we support totalitarian rulers. What we have done has been to aid and abet the destruction of constitutionalism in the Dominican Republic. What we have done in the Dominican Republic has been to help to bring about the chaos that exists there now.

More than a year ago this administration recognized the Dominican junta. Do Senators believe that pouring more millions of dollars into that military junta will result in more stability in the Dominican Republic? Such action will be conducive to causing chaos elsewhere in Latin America.

At the time the Johnson administration made the great mistake of recognizing the Dominican junta, I said that our Government would play right into the hands of military juntas throughout Latin America and would demonstrate again that when the chips of freedom are down in Latin America, the United States cannot be counted upon to support freedom in action. We can be counted upon to support freedom in Latin America with American propaganda, but not with action. We cannot possibly justify recognizing and supporting military juntas anywhere in Latin America.

Until that lesson is learned in Latin America, we ought to cut back on the aid program, because by constantly pouring money into those shaky governments, having strong totalitarian groups, either Communist or military, we are always standing in the wings to take over as a part of the cause of the great instability that is stalking so much of Latin America these days.

We have poured millions of dollars into Bolivia. Bolivia has been cited to the Committee on Foreign Relations as one of the shaky countries. Economically, conditions are growing worse. We shall pour more money in. What assurance have we that this money will not be wasted? Merely putting the stamp of Alliance for Progress on the program does not mean that it will bring about constructive benefit.

Not so many years ago, Colombia was one of the countries in Latin America which, in my opinion, showed the greatest hope for the development of democratic stability—both political and economic. Today, Colombia is in a turmoil

and is not bringing about the necessary reforms that it should. I believe that cutting aid to the extent of \$100 million, as I propose, would be exceedingly salutary throughout Latin America.

We might, at long last, indicate to Latin American government officials that our pockets have a bottom, that they cannot expect us to dip into our pockets on continue to pour out the hundreds of millions of dollars that they are asking for without their bringing about both economic and political reforms.

There are other countries that I probably should mention. There is nothing in Uruguay that gives us very much encouragement these days with regard to economic or political stability.

We cannot be very proud of the record that we have made in Guatemala, or that the Guatemalans have made in support of the objectives of the Alliance for Progress.

Anything but results have been accomplished in Argentina to warrant agreeing to the proposal that we should continue our policy there until there is more evidence of reform, in keeping with the mutual obligations that we all undertook when the Alliance for Progress was initiated.

Venezuela today is not the Venezuela of Betancourt. There is a considerable amount of confusion in Venezuela. I spoke last week, in a major speech on the floor of the Senate, in opposition to a new type of expropriation policy in Venezuela. The situation involved an insurance company. If they get by with their action, it will lead to other American investments being expropriated.

The House of Deputies and the Venezuelan Senate passed a bill that required the sale of at least 51 percent of the American-owned stock in an insurance company operating in Venezuela to Venezuelan investors. This is not a case of a government taking over an insurance company and paying a fair compensation to American investors. I would be against that, but, at least that would fall within the sovereign right of a country.

I did not like the expropriation of American oil by Mexico, but that was made the Mexican national policy. The national government took over the oil facilities. There were long negotiations which finally ended in the case going to the Mexican Supreme Court twice, with the Mexican Supreme Court both times holding that the Mexican Government had the sovereign right to follow this course of action as a domestic policy. Of course, the Mexican Supreme Court was right. The court was unanimous in each decision.

There followed the appointment of an international commission. Negotiations took place. Settlement was made. Some of our oil companies thought it ought to have been more. However, we had to admit that at least due process of law prevailed, and the expropriation was accomplished as a matter of governmental policy.

The Venezuelan tack is somewhat different, although it could still be argued,

as they passed the law and the law was signed by the President, that they have made this the national policy. However, the matter of fair compensation is automatically excluded and eliminated. Under the expropriation, as a matter of government policy, if negotiations in an agreement on compensation, the presumption is that the finding will be that it was fair and adequate compensation and in keeping with the basic principle of eminent domain, under which doctrine, if we take something over in the name of government necessity, we pay adequate compensation for the takeover. That is what could happen in Venezuela.

This kind of expropriation creates a buyer's market. We own the stock. We sell it to the buyer. The Government does not fix what would be a fair price for the 51 percent of the stock. The stock must be sold. We will take what the buyer offers.

That is a shocking performance. I believe that there are shifts in Venezuela which give us great cause for concern. I believe that my proposal to cut the Alliance for Progress program \$100 million will cause a great change in attitude in Latin America in regard to sitting down and trying, with us, to arrive at a better understanding than present criticism would justify.

In my judgment, there is nothing in Chile that would justify our taking the position that we should give Chile anything she wants. There are some movements in Chile that give me great cause for concern. I do not know how far Chile will go to the left. Do not tell me that she will go further if we do not pour American money in there.

That does not happen to be the history of our aid in Latin America. We pour in the money and it seems to have no effect on whether they go rightist or leftist, so far as developing totalitarian attitudes is concerned.

I am very much concerned about an attitude that has developed in Latin America on the part of officials of a great many countries in Latin America. They feel that they now are entitled to American aid as a matter of right.

It was reported to me that in Latin America, in a recent conference it was felt that they were entitled to American aid as a matter of right. Some of their speakers even argued that point of view.

I understand that our State Department was a little surprised and upset. To their everlasting credit, let me say that I have been advised that our State Department representatives made it perfectly clear that they rejected and repudiated such an idea. That does not end the idea. It is still held by too many.

There is a growing feeling in some quarters in Latin America that we have no other accord, that there is nothing we can do about it, so long as they can point to the specter of communism which they always claim is hovering just overhead. So they say we must aid them, whether or not they make good on their obligations.

In my judgment, we do not and must not. In my judgment, as a Congress we cannot justify spending the American taxpayers' dollars on the basis of that situation.

I will vote for the expenditure of an increased amount of money for the Alliance for Progress program, in the economic aspects of it, if we can get a better understanding than we had been able to reach. I believe it would be salutary and highly desirable if we reduced the Alliance for Progress amount from \$600 to \$500 million, making it perfectly clear to our Latin American allies that we are willing to enter into conversations with them for a future increase if they in turn are willing to bring about necessary reforms in the trouble spots.

I have not mentioned all the countries, but this is so much the pattern in Latin America, that this year, particularly in view of the needs of our country, particularly in view of what the United States is agreeing to do for those countries that we are not doing for ourselves domestically, I believe the amount should be decreased to \$500 million.

Mr. FULBRIGHT. Mr. President, I yield myself 3 minutes.

I agree to some of the general statements of the Senator from Oregon made about people believing they have a right to this money. I am glad he said that the State Department rejected that concept. But, on the whole, the Senator from Oregon has downgraded the performance of Latin American countries far more than they deserve. He included countries that are getting small loans. Uruguay, for example, receives only \$900,000 for technical assistance, which is a small gesture. Whether it is too much is not for me to state at this time.

One of the large amounts goes to Brazil. Brazil is doing extremely well. She is doing so well in trying to reform her economy that she risks causing political trouble. In other words, the Government has exhibited great courage in reducing inflation. In the first 3 months of 1964 Brazil was suffering from inflation at a rate of 10 percent a month. In May of this year Brazil by courageous and vigorous action had reduced the inflation rate to 3 percent a month.

Brazil is by far the most important country in Latin America. So I do not believe we should overlook the favorable events that have taken place in Brazil.

Of the \$600 million, only \$70 million is in technical assistance, in the form of grants. The remainder is in dollar repayable loans. Some persons say, "They will never be able to repay it." We made that mistake in the Marshall plan. If things continue to go as they are going in Brazil and she can maintain political stability, there is no reason why she cannot pay this loan back, because Brazil has vast resources. All it needs is a period of political stability and some assistance. So I believe that in the case of Brazil this program is justified.

It is true that among the 19 or 20 countries there are spots that do not look favorable, but looking at Latin America as a whole, the situation is favorable and improving.

I hope the Senate will reject this restriction. It is another indication of lack of confidence in the administration. The administration does not have to make these loans. Most of the amount is for dollar repayable loans.

So I strongly urge that the amendment not be accepted.

Mr. MORSE. Mr. President, I yield myself 2 minutes.

I have not suggested that we do not carry out the Alliance for Progress program in connection with any Latin American country that submits a program. The Alliance for Progress program calls upon Latin American countries, as a condition precedent to their obtaining assistance from the United States, to come forward with a program. Brazil is doing that. If the amount were cut from \$600 million to \$500 million, it would not mean that the State Department would have to cut funds to a country that is complying with what was the spirit, intent, and purpose of the Alliance. It does not mean that Brazil would not get the full amount if she complies.

What I am saying is that there is no doubt—judicial notice can be taken of it—about the fact that there are so many countries in Latin America that are not holding up their end of the bargain that I could propose a cut of much more than \$100 million.

I am merely proposing to the State Department and the AID administration, "You will have to work out your Alliance for Progress program on \$500 million instead of \$600 million." When a country is doing the job that Brazil is doing, I have not suggested that aid be taken away from that country. I have not suggested a prorated cut. To the contrary, I believe the time has come for us to buttress the State Department—in fact, to direct it—and to say, "We are not going to give you \$600 million. We are going to give you \$500 million. Take another look and take \$100 million away from countries that you know on the record are not working on the basis of mutuality that is supposed to be a part of the Alliance for Progress program."

There are countries in Latin America that I believe are doing their share. I want to see that the \$500 million is used for countries which are helping to strengthen the Alliance for Progress, and not for countries that are, in my judgment, following a course of action that is inconsistent with the purpose of the program.

Mr. FULBRIGHT. I yield back the remainder of my time.

Mr. MORSE. I yield back the remainder of my time.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the vote on the amendment will be deferred until 7 o'clock. The Senator from Oregon is recognized.

Mr. MORSE. Mr. President, my understanding of the agreement entered into is that it is desired that I make my argument on such remaining amendments as I have, and that the Senate then vote on them seriatim after the hour of 7.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MANSFIELD. What the Senator has said is correct.

Mr. MORSE. Mr. President, I send my next amendment to the desk and ask to have it read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, between lines 13 and 14, it is proposed to insert the following:

(1) Amend section 511(a) which relates to restrictions on military aid to Latin America by striking out "1962" and "\$55,000,000," and substituting "1966" and "\$40,000,000", respectively.

Mr. MORSE. Mr. President, as the Senate knows, in my capacity as chairman of the Subcommittee on Latin American Affairs, I have for years deplored the large amount of military aid the United States is sending to Latin America.

For a time the alibi of our Government was that it was necessary for hemispheric security reasons. That never was a sound argument. Latin American countries do not need the large quantities of military aid and the type of aid that we send to them for hemispheric security because they are completely dependent upon the United States for hemispheric security so far as any attack from outside the hemisphere is concerned. President Kennedy demonstrated that in the Cuban crisis of 1962.

If they wish to include hemispheric security and the possibility of war among themselves, we all know it would not be allowed either by the United States or by the Organization of American States. The fact is that we have been using millions of dollars over the years for military aid to Latin America to build up military classes in various Latin American countries and, in fact, to feed their national vanity with respect to their desire for prestige.

Latin American country A would compete with Latin American country B for American naval and military aid. Some of the requests for destroyers have taken on the aspect of high comedy. If country A was going to get a destroyer, country B would complain that it would be treated in a second-class way if it did not receive a destroyer. I use this as a hypothetical example, of course.

Our military aid has done a great deal in Latin America to strengthen military oligarchy. It has done a great deal to build a military clique which has been responsible, in my judgment, for the strengthening of juntas in the various countries which have been able to overturn constitutional government. We should stop it—and stop it now. It has had two very bad effects which I wish to mention, among other things which I could mention. It has helped to keep down the aims and aspirations of democratic groups seeking to establish a political order of freedom in Latin America. It has helped to delay and weaken the development of constitutionalism in Latin America.

I believe that is most unfortunate. It has played into the hands of the Communists. The symbol of American military might using the military oligarchy as a funnel through which to pour military aid into Latin America has made Communists and has strengthened the cause of Communists. It has stood in

the way of the advance of economic freedom.

I hold to the view that we can never develop a system of economic freedom for the underprivileged of Latin America, for the mass of the people of Latin America, by depending upon the military to deliver it to them. We have compiled a sad record in regard to the results of some of our military aid in Latin America.

The United States must assume a large part of the responsibility for the years of repression and restriction in the denial of civil liberties, civil rights, and political freedom to the people of the Dominican Republic. Trujillo would never have been able to stay in power except for American military aid.

There is nothing in Honduras about which we can be proud, nor in Guatemala, or Ecuador, or Bolivia, all of which are suffering under military rule that was aided by our military assistance program.

On the question of the Dominican Republic, it is interesting that the military junta overthrew the Bosch regime, which was a constitutional regime—irrespective of the qualifications some of us have in regard to the shortcomings President Bosch may possess. He was elected, and he was honestly elected in a fair election—an election which was attended by United Nations observers. No one who knows the record of the election which resulted in the ascendancy of President Bosch raised any question about the honesty of the election.

There was an election also which brought into being a Constitution in the Dominican Republic, which offered great hope. It was a Constitution which provided for a Congress. It was a Constitution which was greatly influenced by the U.S. Constitution in its drafting.

When Bosch left the Dominican Republic, the Constitution did not leave with him. The laws provided for in the Constitution as to his successor did not flee with him. He was overthrown by a group of military junta leaders, trained by the U.S. Military Establishment.

We hear much in defense of our military aid program, about the training program and the technical assistance program that goes along with it. It sounds good, does it not?

But what it really means is that we have to assume responsibility for the training of men to develop a military state of mind. Unfortunately, a military state of mind is not consonant with respect for democratic ways of life.

Thus, it is interesting to hear the alibis made in behalf of the military tyrant in the Dominican Republic by the name of Gen. Wessin y Wessin.

He overthrew the constitutional form of government. There is no denying the fact that the controlling reason and concern for the uprising of this military junta was that President Bosch and the overwhelming majority of the Congress in the Dominican Republic proposed to bring the military under civilian control.

Latin American military oligarchies do not like that, because Latin Amer-

ican military oligarchies cannot dominate the Government if the Government is to be granted the constitutional authority to exercise civilian control over them. But, Mr. President, the people of the United States have always considered that to be a precious guarantee. Our constitutional fathers wrote it into the Constitution.

Concern has developed every once in a while during our history, when fear has taken root that perhaps the military is encroaching upon the basic right of the American people to control the military, rather than the military controlling the American people.

The Senate has heard me say time and time again in my many years in this Chamber that we must always be on guard against the men in the Pentagon. We always have to be on guard against the development of a military state of mind in the Pentagon. We can find militarists even in our own country who will develop insufficient regard for the precious principle that civilian control must remain inviolate. There is always a tendency in the Pentagon to encroach upon the precious rights of the American people by way of pleading in an emergency or in a crisis that they must have their way.

After we are through with debate, and before the Senate adjourns tonight, I shall have a few things to say about a penetrating article which was published in the New York Times this morning by Mr. Tom Wicker, in regard to the development of attitudes in this country concerning the war in southeast Asia.

I am greatly concerned by an article which was published in the Washington Post this morning, and in other newspapers, concerning a news curb which has been imposed on the current South Vietnam battle.

We had better watch out for the development of a military state of mind which always wishes to censor, which always wishes to control public opinion, which always wishes to keep from the American people vital facts to which they are entitled in regard to the military policy of this country.

I digress long enough from discussing my amendment to say this: The American people should rise up in a protest so vigorous against the administration's policy of news censoring in this country in regard to the war in Vietnam, that the administration will understand that it must either change its course of news control, or it will be headed for repudiation by the American people. We cannot remain free and have news on foreign policy, including military policy, concealed from the American people.

Mr. President, to get back to the Dominican Republic situation, the military men whom we have trained are destroying constitutionalism in the Dominican Republic. We are paying a ghastly price for that course of action.

Let me refer Senators to Honduras. The same thing is being done in Honduras. An election was held in Honduras. Ten days before the election, the leading candidate was so far ahead that there was no question about the out-

come of the election. The American-military-trained officers in the military establishment of Honduras were greatly concerned, because this candidate was running on a major plank in his platform, to bring the military under civilian control. That was too much for the military. They overturned the government.

There is a pretense that since elections of a sort were recently held in Honduras that the country has returned to constitutionalism. But there is no more freedom today in Honduras than there was under the junta, since it has only legalized itself.

There are so many abuses in connection with military aid in Latin America that I am offering an amendment to cut it back somewhat. It will not be cut back nearly enough. However, the symbolism of an amendment such as this will have a powerful effect in Latin America. It is important for another reason, even though it does not contain the amount that I believe we should adopt. The amendment would strike out 1962 and \$55 million and substitute 1966 and \$40 million, respectively.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I should like to finish first. Then I shall be happy to yield.

Mr. President, the bill in its present form provides—I wish counsel for the committee would check me on these figures—\$75 million, in round numbers. We have already adopted an amendment, offered by the Senator from Arkansas [Mr. FULBRIGHT], which provides that up to \$25 million of it could be used for assistance in the development of an Organization of American States international police force. The figures that were given to me by the staff mean that \$55 million is the ceiling on articles of hardware, and the remainder can be in the form of training or credit sales.

I believe we ought to reduce the \$55 million to \$40 million. What was allowed for an Organization of American States International police force could come out of the \$40 million, or only part would come from the \$40 million, depending on whether training was contemplated under the OAS amendment.

What my amendment seeks to do—and counsel assures me that it would do so—is to go into the \$55 million and reduce that by \$15 million.

I believe that would be salutary. It would make perfectly clear to Latin American countries that we wish a de-emphasis in their military program.

I shall yield to the Senator from Ohio in a moment.

It has been said for a long time that they need military aid for hemispheric security reasons. Then we shifted our ground, and today we talk about military aid for internal security. I have been heard to point out that military aid for internal security does not require tanks, and it does not require jet fighters. It does not require submarines. It does not require the large quantity of heavy military equipment that we have been pouring into Latin America for prestige and vanity-supporting purposes. If we wish to support internal security, we

should send them machine guns, rifles, pistols, tear gas, helicopters, and vehicles that can transport their flying squadrons which are necessary to put down the threat of a Communist coup.

The proposed cut of \$15 million is indeed small and reasonable, but very large in its symbolism, and very important in the message that it sends from the United States to Latin-America.

As I have said many times before, we ought to stop exporting bullets to Latin-America and that we should start exporting more bread. I use bullets and bread as descriptive terms, by bullets showing my opposition to so much military aid, and by bread showing my great support for the exportation of more economic freedom for Latin-America.

I now yield to my friend the Senator from Ohio.

Mr. LAUSCHE. Mr. President, what I am concerned about—and I know the Senator from Oregon is likewise concerned about it—is what we should do for the protection of the United States in the nations which occupy the perimeter of Russia and China. The Senator from Oregon has offered amendments to cut the aid to India, Turkey, and Pakistan.

Mr. MORSE. I did not offer an amendment to eliminate it.

Mr. LAUSCHE. To reduce it.

Mr. MORSE. We would still have more than we need to carry out the objectives of the Senator from Ohio.

Mr. LAUSCHE. Has the Senator offered a proposal to cut aid to Greece?

Mr. MORSE. Yes.

Mr. LAUSCHE. Is not the Senator from Oregon really proposing a course of action which would weaken the barriers that our administration wishes to build up against the expansion of communism beyond the peripheral nations of Russia and China?

Mr. MORSE. My answer is "No." My answer is that if we adopt the program I am supporting we shall be more effective through our aid program in checking communism in these peripheral areas, because we will have an opportunity to spend money that will do something about the economic well-being of people. The Russians and the Chinese cannot stand up in selling their propaganda to well-fed people, to well-clothed people, to people who enjoy what the Senator and I enjoy, the precious right of being economically free. They are not economically free today.

Mr. LAUSCHE. I do not wish to argue with the Senator from Oregon. However, is it not a fact that in the program of the administration there is an economic aid program coupled with military aid, with the joining of the two, at least in the opinion of the administration, being necessary for the improvement of our position so far as United States security is concerned?

Mr. MORSE. My answer is that I am leaving the administration with more than an ample amount of money for military aid. I am urging an intensification and a concentration on the economic aspects.

I shall not support the kind of economic aid in Turkey that builds up na-

tionalized industry. I shall not support economic aid in Turkey that, as the Comptroller General has pointed out in some of his reports, has the American taxpayers permitting the leaders of the Turkish Government to employ in some of the socialized industries of Turkey many times the number of employees that are needed.

I wish to see that for every dollar we spend by way of economic aid, we get a dollar value. Moreover, I wish to see that dollar go to help expand the economy of that country. We cannot do that unless we increase the number of their people who are economically free.

Mr. LAUSCHE. I concur completely with the Senator from Oregon in his vigorous espousal of the proposal that we should not give our money to build up nationalized operations of industry.

Mr. MORSE. Mr. President, will the Senator permit me to interrupt?

Mr. LAUSCHE. Certainly.

Mr. MORSE. All the reports that we have show with all the money we have put into Turkey, she is not better off economically than she was at the beginning. That is where the waste lies.

Mr. LAUSCHE. I cannot answer that statement except to say that, so far as I have studied the subject, in every country where we have offered economic aid the per capita income of the people has been improved. Whether that is so in Turkey I cannot say.

Mr. MORSE. I should like to make a comment on that point.

The per capita income of a Turk who is kept on a time-wasting, nonproductive job has increased because before that he did not have any income at all. But there is a waste of money so far as the economic strength of Turkey is concerned. I wish to know, not whether or not thousands of their workers, for example, now have more money than when we started giving it away to them, but whether it is a wise expenditure of the money on those people from the standpoint of producing wealth.

If we wish to offer aid on the basis of charity to feed a man, I shall go along, as the Senator knows, with any humanitarian program. But that is not their alibi. Their alibi is that maintaining that kind of nationalized industry is good for Turkey. My judgment is that it is not good for Turkey. It represents a misexpenditure of taxpayers' funds, and we should stop it.

Mr. LAUSCHE. Having in mind the supposedly pointed conflict between the views of the Senator from Oregon and myself about 3 hours ago, I am deeply apprehensive that in our own country we are following what the Senator from Oregon has said and about which he complains in the program of Turkey.

Mr. MORSE. I am in complete agreement. We are not living in a free economy. The United States is not a free economy. That is one of my great protests. The United States economy is a defense economy. If we continue with that defense economy, we shall lose economic freedom, not in our grandchildren's time, but in our own time. We shall lose economic freedom in this country if we do not start putting some

brakes on the Pentagon and the State Department.

Mr. LAUSCHE. I believe it goes beyond that. It goes into the field of believing that we are promoting the economy of a Nation in promoting the per capita income through programs of Federal spending.

Mr. MORSE. The subsidization of American industry through the defense economy does exactly that. There is not a businessman in this country who is not subsidized tonight by the defense program. I do not care whether he operates the corner grocery store or a popcorn stand. If we did not have a broad national defense subsidy in our country, we would soon find that those people would not be doing the things they are doing now. I wish to taper off that kind of economy and start developing the kind of spending program that will create wealth. It may be at that point economic wealth for a free economy. It may be that at that point the Senator from Ohio and I may develop a divergence. I do not know.

Mr. LAUSCHE. I should like to ask a final question. To which of the nations on the perimeter of China and Russia would the Senator from Oregon agree that we should give military and economic aid as recommended by the President, the Department of Defense, and the State Department?

Mr. MORSE. In the case of everyone of them I would drastically cut military aid. To every one of them I would increase the economic aid, but in relation to specific projects and a procedural guarantee that such aid would go to the benefit of the people themselves and not to the benefit of so many forces in both countries that keep the aid from getting down to benefit the masses.

Mr. LAUSCHE. I thank the Senator.

Mr. MORSE. Mr. President, I now subside.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I promised to yield to the Senator from Pennsylvania.

Mr. MANSFIELD. Mr. President, before the chairman of the Foreign Relations Committee makes his argument against the pending amendment, I should like to yield 20 minutes under the bill to the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. I thank my friend the Senator from Montana.

FOREIGN AID AND POPULATION CONTROL

Mr. CLARK. Mr. President, I wish to devote my remarks today principally to a single aspect of the foreign assistance program. It is an aspect which has, I believe, been neglected in the past, and which, if it is not faced and considered now with the utmost seriousness, will make the remainder of our assistance program at best irrelevant and at worst self-defeating. I refer to the problem of overpopulation and the measures which must be taken to deal with it.

In his state of the Union address, the President made a courageous commitment.

He said:

I will seek new ways to use our knowledge to help deal with the explosion in world population and the growing scarcity in world resources.

The urgency of the President's language was not misplaced. The United Nations Population Commission has estimated that in 1964 world population increased by 2.1 percent, the largest increase in history. In the less developed countries the increase was approximately 2.5 percent, a rate which if it remains constant, will produce a doubling of population every 28 years. Present world population, at the latest reckoning, stood at something over 3 billion. The Population Commission has published its estimated projections for the rest of the century, based upon as comprehensive a consideration of relevant social and economic factors as is possible in the present state of statistics and the science of demography. The projection which the Commission considered the most plausible was predicated on the assumption that fertility would begin to decline in many developing countries within a decade or two, as a consequence of expected economic, social and cultural advances, and the increasing efforts of some governments to encourage family planning. According to this projection, world population will rise to 4.3 billion by 1980, and to over 6 billion by the year 2000. This expected doubling of world population in 40 years is frightening enough in itself. But within these figures there lies another set which should command even more apprehensive attention. It seems certain that of the total increase the share of the underdeveloped countries will rise substantially. During the 1950's their share was already about 75 percent of the increase. Between 1960 and 1980 it is expected to be 83 percent, and between 1980 and 2000 86 percent. Stated differently, of the 1.3 billion increase in world population expected in the next 15 years, 1,079 million will occur in the poor and underdeveloped countries of the world, only 221 million in the rich and developed countries. With respect to the expected 1,700 million increase between 1980 and 2000, 1,463 million will occur in the poor countries, only 283 million in the rich countries. As a consequence of the differential growth rates, the less developed regions would increase their share of total population from 67 percent in 1960, to 72 percent in 1980, and 76 percent by the end of the century.

By the end of the century slightly more than three out of every four human beings will be living in countries which are today incapable of providing a standard of living adequate to feed, clothe and shelter their people in minimum decency.

These are the bare facts of the situation. They carry a message which has particular significance for the foreign aid program, and therefore for our deliberations today. For the quantity and value of the economic aid which we provide for the countries of Asia, Africa, Latin America and other parts of the world cannot be measured without reference to the

number of people it has to serve. Our economic aid program is designed, among other purposes, to assist in the creation of viable political economies in parts of the world where they do not now exist, and where they are not likely to exist for many years to come. This will be a long and arduous process in the best of circumstances. If it is to stand a chance of success, the essential ingredients of any political economy—the population factor as well as the investment and productivity factors—must be viewed as a whole. It is not particularly encouraging, for example, to discover that in Venezuela, although the annual growth rate of gross national product in the last 6 years has been 4.5 percent, the population growth rate has been 3.8 percent—leaving a real, per capita gross national product growth rate of only 0.7 percent; and this is particularly disturbing when one considers that in this relatively rich South American country per capita gross national product today is only \$765. A similar situation may be observed in many of the developing countries, with the growth of gross national product barely keeping pace with the growth of population, let alone achieving a real growth rate which offers the prospect of a developing economy in the foreseeable future. I ask unanimous consent to have printed in the RECORD at this point a table comparing the gross national product growth and population growth of less developed countries.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Less developed countries: Annual growth rate of gross national product, population, and per capita gross national product

[1957-58 average to 1963-64 average]

	Annual GNP growth rate ¹ (percent)	Annual population growth rate ² (percent)	Annual per capita GNP growth rate (percent)
LATIN AMERICA			
Argentina.....	0.6	1.7	-1.1
Bolivia.....	3.5	2.3	1.2
Brazil.....	5.3	3.1	2.2
Chile.....	3.3	2.3	1.0
Colombia.....	4.6	2.8	1.8
Costa Rica.....	4.1	4.0	.1
Ecuador.....	4.3	3.2	1.1
El Salvador.....	5.7	2.9	2.8
Guatemala.....	4.5	3.0	1.5
Honduras.....	3.6	3.1	.5
Jamaica.....	3.9	2.0	1.9
Mexico.....	5.3	3.1	2.2
Nicaragua.....	5.3	2.9	2.4
Panama.....	4.9	3.0	1.9
Paraguay.....	2.2	2.2	0
Peru.....	6.4	2.3	4.1
Trinidad and Tobago.....	6.0	3.0	3.0
Venezuela.....	4.5	3.8	.7
FAR EAST			
China (Taiwan).....	7.1	3.1	4.0
Korea.....	4.7	2.9	1.8
Malaya, States of.....	5.9	3.1	2.8
Philippines.....	4.9	3.2	1.7
Thailand.....	7.4	3.0	4.4
Vietnam.....	3.5	2.8	.7
NEAR EAST			
Cyprus.....	3.6	1.2	2.4
Greece.....	6.2	.7	5.7
Iran.....	4.7	2.4	2.3
Israel.....	10.5	3.6	6.9
Jordan.....	9.5	2.9	6.6
Turkey.....	4.0	2.9	1.1

Footnotes at end of table.

Less developed countries: Annual growth rate of gross national product, population and per capita gross national product—Con.
[1957–58 average to 1963–64 average]

	Annual GNP growth rate ¹ (percent)	Annual population growth rate ² (percent)	Annual per capita GNP growth rate (percent)
SOUTH ASIA			
Ceylon.....	3.5	2.5	1.0
India.....	4.4	2.3	2.1
Pakistan.....	4.5	2.5	2.0
AFRICA			
Ethiopia.....	4.5	1.4	3.1
Ghana.....	5.1	2.5	2.6
Kenya.....	3.5	2.9	.6
Malawi.....	2.1	3.0	—9
Morocco.....	2.0	3.1	—1.1
Nigeria.....	3.3	2.0	1.3
South Rhodesia.....	3.6	3.3	.3
Sudan.....	4.5	2.9	1.6
Tunisia.....	4.7	2.6	2.1
Uganda.....	3.4	2.5	.9
Zambia.....	4.7	2.9	1.8

¹ GNP growth rates are AID estimates based largely on official national statistics.

² Population growth rates are based on AID country, U.N. and other source data.

Mr. CLARK. It is clear from these figures that, to be crystal clear, any discussion of foreign aid, and any application of a foreign aid program, which omits, or understates, or ignores, or tries to forget about the problems posed by overpopulation is quite unrealistic. And yet this speech comes near the end of the debate on the foreign aid bill and the subject of population control has still to be mentioned.

There are those who argue that overpopulation can be coped with by a better distribution of the world's resources, by the settling of vacant and fertile land, and by the rapid development of potential sources of food and production which have not yet been exploited. There are others who make their case against programs of population control by asserting that because manpower is a vital prerequisite of productivity, such control will have in the long term a detrimental effect on a country's economy. But when they are matched with the terrible fact that already nearly two-thirds of the world's inhabitants go to bed hungry each night, these contentions are sophistry of a peculiarly tragic nature. The fact is that the untapped sources of production cannot possibly be exploited fast enough—even supposing that their full exploitation would be sufficient to satisfy the needs of 6,000 million people by the year 2000, which is itself a dubious assumption. Immediate action is needed to curtail fertility in many areas of the world, but especially in those areas to which the bulk of the foreign aid in this bill is directed.

In an amendment to the Foreign Assistance Act of 1963, proposed by the Senator from Arkansas [Mr. FULBRIGHT], Congress gave its first express authorization for the expenditure of some aid money on research into problems of population growth—although this was not the first time AID had spent some money for this purpose. The Secretary of State and the Administrator of the Agency for International Development reported to the Foreign Relations Com-

mittee, during the hearings on the present bill, the extent of AID's activity in the field of population control. The Agency has, of course, long given assistance in the development of health services and the training of health personnel in many countries. Thus death control has speeded population growth. A few years ago the Agency began to help with the compilation of statistics and other data depicting population trends. It is now giving technical assistance in the training of family planning workers, and financial assistance for the purchase of vehicles and educational materials to be used in family planning programs where such assistance is requested. Each AID mission has been directed to assign one of its officers to become familiar with the problems of population dynamics and control programs in the host country. All these are welcome developments, and show some appreciation of the importance of the problem.

However, this is not nearly enough. These few gingerly taken steps are hardly a proper reflection in practice of the giant strides which have been made in the intellectual recognition of the problem or the need to move immediately to solve it before the deluge of unwanted babies overwhelms us. Certainly the progress which has been made to date on the question of birth control is only the small beginning of a fulfillment of the President's enlightened promise in the state of the Union address.

At present the Agency will not consider requests for contraceptive devices or equipment for the manufacture of contraceptives. The policy is based on the argument that this is one facility which a developing country can and should provide for itself. Perhaps we should leave manufacture and distribution of devices to free enterprise in the developing countries. Moreover the actual manufacture and distribution of contraceptives by AID would doubtless be strongly opposed by large sections of the American people. However, it is further stated by AID that the Agency "does not advocate family planning or any method of family planning." This was said in a recent speech by Dr. Philip R. Lee, the director of the Agency's health service, and it clarifies a point which remained somewhat obscure in administration testimony before the committee. The Secretary of State acknowledged that overpopulation was a serious problem, but the thrust of his testimony was that it would be improper for the U.S. Government even to go to the governments of aided countries and explain to them that, in the opinion of AID, their birth-rates were too high to make effective the economic aid they were receiving. In my judgment, this is a dangerously timid approach. I believe that AID should be advocating the institution of voluntary family planning programs as a necessary condition to meeting the rising tide of unfed mouths and unfulfilled aspirations in these countries—and thus preventing American aid from being poured down a rat hole.

The health programs of AID as already noted have played a major part in the eradication of disease and the reduc-

tion of the death rate experienced in many parts of the world. This interference with the natural ecology of underdeveloped regions is, of course, a humanitarian act of unquestioned good. But it does create its own problems. In particular it compounds the dangers of a high fertility rate. Thus, the United States has itself contributed substantially to the world's poverty, through keeping alive children who can only be reared in hunger and squalor. This is an especially compelling reason for AID to take the lead in an immediate attack on the problem by advocacy of voluntary family planning.

I appreciate that no universally valid laws exist which govern the interaction of population growth and economic development. It is indispensable to study the demographic, economic, and cultural circumstances of each country and each society, because each country differs as to the degree of the problem, and the receptivity to family planning programs. I certainly do not advocate the compulsory imposition of family planning by the United States on any of the countries which we aid. It has been suggested that aided countries should be required to show evidence of serious attempts to check the population explosion as a precondition for receiving U.S. economic aid. But this would be unwise for two reasons. First, the principle which governs all our aid programs must continue to be sustained: the government of the host country must retain the final right of decision over the programs it wishes to accept. This should not be abrogated by what would be, in effect, an ultimatum. In an area which is as sensitive as family planning, it is especially important that the absolute rights of the host country be recognized. The second reason for rejecting the creation of a precondition is that it would not be the most efficient way, at this stage, of meeting the population problem itself. A blanket rule of that sort would inevitably disregard the real differences existing in the various countries, both as to the intensity of the problem and as to the nature of the best solution.

What is needed is a change of attitude on the part of Government agencies involved in aid to the developing countries. AID should now move on from its attitude of limited response to initiatives made by aided governments, to an attitude of active proselytizing of the cause of voluntary family planning, in the many countries where that would be appropriate. From my own discussions with AID officials in the field I know that many of them are very seriously concerned with the population problem, and are anxious to do as much about it as they can. But I question whether their urgency is matched by the directives they receive from their superiors in the State Department. Several ambassadors in the Latin American countries, for example, have not fully grasped the importance of the problem. Some of them seemed to take the view that this was hardly something for them to meddle in. There may have been a time when such a negative attitude was appropriate, but that time has long passed.

If the attitude is not changed, I repeat, the purposes of our aid program—and, indeed, our aspirations for a world of peace, stability, and universal comfort—will be placed in jeopardy. Our aid will become an even smaller drop in an even vaster ocean. The national economies which we seek to support will slip further and further behind in their struggle to achieve a solid base. As we well know, communism thrives on the unfulfilled expectations for a better life of the people of the underdeveloped nations. If we fail to do all we can to help them recognize and combat their population problems, their disappointments will be our responsibility—and we shall have to pay the penalty in increasing tensions between “haves” and “have nots,” and perhaps, ultimately, war.

Visions of the world in 50 years’ time as a place of famine, congestion, and deprivation of every sort, are speculative but not fictitious. They are so terrible that many people do their best to forget them, or to pretend that they do not exist. It is clear that this is an attitude of folly. We must look the specter in the eye and apply ourselves as best we can to the task of evorcising it. As the most powerful Nation in the world, and the Nation with the most pervasive influence, we have the greatest responsibility to encourage younger nations, with these pressing problems, to take the prudent path toward economic stability. One aspect of our encouragement lies in the programs of health, shelter, food, investment, education, and modernization. These will remain at the heart of our philosophy of economic aid. But a second aspect—one which is fundamentally unseverable from the first—is the need to encourage a drastic reduction in the level of fertility. I urge my colleagues and the Agency for International Development to give this greater emphasis than they have done hitherto.

Mr. LAUSCHE. Mr. President, will the Senator yield to me a half mintue?

Mr. MANSFIELD. I yield a half minute to the Senator from Ohio.

Mr. LAUSCHE. I subscribe fully to what the Senator from Pennsylvania has said.

Mr. CLARK. It is a great pleasure that my friend from Ohio and I are on the same side of this problem. It is a rare privilege.

Mr. FULBRIGHT. Mr. President, the proposed cut is 25 percent more than the ceiling on military assistance, which I think is much too large a cut at the present time. There are things that I have already mentioned that are going on in Latin America that are very encouraging—not in all of them but in many of them, particularly in the more important countries, such as Brazil and Chile. The military ceiling is already \$55 million for those 20 countries. Twenty-five million dollars of the \$55 million has already been authorized for the inter-American defense system, the CAS force. This is an authorization. It is not earmarked, but we have given permission for its use for that purpose. I hope it will be used for that purpose. A nucleus for such a force is already in being in the Dominican Republic.

If this amendment is adopted, it will leave only \$15 million for the bilateral programs, which is really too small. The problem of internal security is still acute. We are fully justified in having the entire \$55 million available for this purpose.

I hope the Senate will not agree to this amendment.

Mr. MORSE. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. I yield back the remainder of my time.

EXHIBIT 1
INTERNAL ISSUES READY TO EXPLODE—LEFTISTS
KEEP EYE ON ECUADOR PLUM

(Note.—Ecuador has received \$30 million in aid last year, \$40 million in 1963, \$39 million in 1962, yet now its economic problems are increasingly burdensome.)

(By William L. Ryan)

QUITO, ECUADOR.—Communist attempts to capitalize on the Dominican Republic crisis flopped in Ecuador as in many Latin American countries. The extreme leftists hope for better luck with internal Ecuadorian issue.

The ingredients of an explosion exist in a combination of political and economic troubles in this chronically unstable country of 5 million. If the explosion comes, a jumble of issues could produce a chaotic situation in which opportunists on the extreme left could hope to stir violence.

The ruling military junta, which seized power in July 1963 is taking cautious steps in hopes of escaping a storm. Its life depends upon whether it can overcome dissensions in its own ranks and maintain sufficient unity to keep itself in power.

The threatening storm centers about Ecuador's small middle class and business elements. The sources of the storm would be frustration with increasingly burdensome economic problems and angry impatience with the junta's reluctance to surrender power to a civilian government.

Ecuador has been unstable since November 1961, when President Jose Maria Velasco Ibarra was overthrown and succeeded by his Vice President, unpredictable Julio Arosemena, himself overthrown 2 years later by a junta of army, navy and air force officers. Adm. Ramon Castro Jijon heads the delicately balanced junta.

The junta is credited with making serious attacks upon Ecuador's economic problems, but these are so complex that years would be required to make headway, and in this country there is a feeling among foreigners that no person or group can rule for long.

The junta outlawed the Communist Party, but it also suspended all electoral processes. In response, all political parties declared themselves opposed to the military rulers.

Now, political and economic problems are merging. If and when the storm breaks, the small but violent extreme left will try to provoke violence and drag in other issues, such as “Yankee imperialism” in the Caribbean, spreading the notion that Ecuador may become a second Dominican Republic.

On the political side, the junta wanted to hold off popular elections until 1967. All political parties, across the spectrum, demand a prompter return to constitutional government. The junta backed away cautiously, as it has done on other issues, and indicated it might bow to these demands.

Economic problems aggravate the political ones. Ecuador depends for income on her agricultural exports, 60 percent of which are bananas. It has just suffered a heavy blow in the complete loss of the Japanese market to a new banana industry on Formosa.

To preserve foreign exchange, the junta tried to restrict credit and cut down imports. Anticipating this, coastal merchants, mostly

in Guayaquil, stocked up on inventories. Imports soared to new highs in April.

The junta's new restrictions were effective May 1, but this raised an uproar in which the business community of the coast—which is always in seething conflict with the highlanders of Quito—went on strike, and were supported by labor elements and others. During this period there developed a plot to overthrow the junta which was nipped in the bud.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). Under the unanimous-consent agreement, the Senate will now vote on amendment No. 242, offered by the Senator from Oregon. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. MCGEE], the Senator from Maine [Mr. MUSKIE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], the Senator from Georgia [Mr. TALMADGE], and the Senator from Maryland [Mr. TYDINGS], are absent on official business.

I further announce that the Senator from Rhode Island [Mr. PELL] and the Senator from Florida [Mr. SMATHERS], are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. MCGEE] and the Senator from Florida [Mr. SMATHERS] would each vote “nay.”

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Rhode Island [Mr. PELL]. If present and voting, the Senator from Virginia would vote “yea” and the Senator from Rhode Island would vote “nay.”

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Maryland [Mr. TYDINGS]. If present and voting, the Senator from Virginia would vote “yea” and the Senator from Maryland would vote “nay.”

Mr. KUCHEL. I announce that the Senator from Texas [Mr. TOWER] is necessarily absent.

The Senator from Hawaii [Mr. FONG] and the Senator from California [Mr. MURPHY] are absent on official business.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senator from California [Mr. MURPHY] and the Senator from Texas [Mr. TOWER] would each vote “yea.”

The result was announced—yeas 8, nays 78, as follows:

[No. 128 Leg.]		
YEAS—8		
Bible	Hruska	Thurmond
Curtis	Morse	Williams, Del.
Eastland	Russell, S.C.	
NAYS—78		
Aiken	Carlson	Fannin
Allott	Case	Fulbright
Anderson	Church	Gore
Bartlett	Clark	Gruening
Bass	Cooper	Harris
Bayh	Cotton	Hart
Bennett	Dirksen	Hartke
Boggs	Dodd	Hayden
Brewster	Dominick	Hickenlooper
Burdick	Douglas	Hill
Byrd, W. Va.	Ellender	Holland
Cannon	Ervin	Inouye

Jackson	McGovern	Pearson
Javits	McIntyre	Prouty
Jordan, N.C.	McNamara	Proxmire
Jordan, Idaho	Metcalf	Randolph
Kennedy, Mass.	Miller	Ribicoff
Kennedy, N.Y.	Mondale	Saltonstall
Kuchel	Monroney	Scott
Lausche	Montoya	Simpson
Long, Mo.	Morton	Smith
Long, La.	Moss	Sparkman
Magnuson	Mundt	Symington
Mansfield	Nelson	Williams, N.J.
McCarthy	Neuberger	Yarborough
McClellan	Pastore	Young, Ohio

NOT VOTING—14

Byrd, Va.	Pell	Talmadge
Fong	Robertson	Tower
McGee	Russell, Ga.	Tydings
Murphy	Smathers	Young, N. Dak.
Muskie	Stennis	

So Mr. MORSE's amendment (No. 242) was rejected.

Mr. SPARKMAN. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Mr. President, what is the next vote on?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 14, between lines 13 and 14, insert the following:

(i) Amend section 511(a) which relates to restrictions on military aid to Latin America by striking out "1962" and "\$55,000,000," and substituting "1966" and "\$40,000,000" respectively.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon. On this question the yeas and nays have been requested, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. McGEE], the Senator from Maine [Mr. MUSKIE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Rhode Island [Mr. PELL] and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Florida [Mr. SMATHERS] would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Virginia [Mr. ROBERTSON] is paired with the Senator from Rhode Island [Mr. PELL]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senator from Texas [Mr. TOWER] is necessarily absent.

The Senator from Hawaii [Mr. FONG] and the Senator from California [Mr. MURPHY] are absent on official business.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senator from California [Mr. MURPHY], the Senator from Hawaii [Mr. FONG], and the Senator from Texas [Mr. TOWER] would each vote "nay."

The result was announced—yeas 20, nays 67, as follows:

[No. 129 Leg.]

YEAS—20

Bartlett	Douglas	Proxmire
Bible	Ellender	Randolph
Burdick	Gruening	Symington
Church	Hruska	Williams, Del.
Clark	McGovern	Yarborough
Cooper	Morse	Young, Ohio
Cotton	Nelson	

NAYS—67

Aiken	Hartke	Miller
Allott	Hayden	Mondale
Anderson	Hickenlooper	Monroney
Bass	Hill	Montoya
Bayh	Holland	Morton
Bennett	Inouye	Moss
Boggs	Jackson	Mundt
Brewster	Javits	Neuberger
Byrd, W. Va.	Jordan, N.C.	Pastore
Cannon	Jordan, Idaho	Pearson
Carlson	Kennedy, Mass.	Prouty
Case	Kennedy, N.Y.	Ribicoff
Curtis	Kuchel	Russell, S.C.
Dirksen	Lausche	Saltonstall
Dodd	Long, Mo.	Scott
Dominick	Long, La.	Simpson
Eastland	Magnuson	Smith
Ervin	Mansfield	Sparkman
Fannin	McCarthy	Thurmond
Fulbright	McClellan	Tydings
Gore	McIntyre	Williams, N.J.
Harris	McNamara	
Hart	Metcalf	

NOT VOTING—13

Byrd, Va.	Pell	Talmadge
Fong	Robertson	Tower
McGee	Russell, Ga.	Young, N. Dak.
Murphy	Smathers	
Muskie	Stennis	

So Mr. MORSE's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I send to the desk the last amendment I shall offer.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 18, to add the following:

(f) At the end thereof add a new section as follows:

"SEC. 620A. (a) Notwithstanding any other provision of this Act—

"(1) The total amounts obligated or reserved during fiscal year 1966 for assistance under Part I of this Act to Iran, Ethiopia, and Jordan shall not exceed amounts equal to 90 per centum of the amounts specified for such purpose for each country in the presentation material submitted to the Congress during its consideration of the Foreign Assistance Act of 1965; and

"(2) The total amounts obligated or reserved during fiscal year 1966 for assistance under Part II of this Act to Iran, Ethiopia, and Jordan shall not exceed 90 per centum of the respective amounts specified for such purpose for each country in such presentation material.

"(b) The President shall determine the amounts by which the sums available for

assistance to Iran, Ethiopia, and Jordan are less than the sums which, but for the provisions of this section, would have been available for such purpose, and such amounts shall be deducted from appropriations or other funds available for such purpose and deposited in the general fund of the Treasury."

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. MORSE. Such time as I may need.

Mr. President, there are other amendments that ought to be adopted, but it is perfectly clear that the amendments I have offered represent a cross section group of amendments that attack the major weaknesses of this bill. The other amendments would really be cumulative in that they bear upon the particular weaknesses that have been brought out by the amendments which I have offered.

This amendment deals with the need for a warning to certain countries in the Middle East—Iran, Ethiopia, and the Jordan. It deals with the record of countries in which great waste has existed, as I have said in connection with other amendments I have offered, as shown by the reports of the Comptroller General of the United States.

Congress should give support to the work of the Comptroller General of the United States. When he discloses the waste and inefficiencies that his reports do, we ought to adopt some modifications of the bill aimed at correcting and preventing a continuation of those wastes.

I am sorry the amendment is so worded that there is not included in it some other corrections that ought to be made.

For example, the recently announced proposal to sell \$100 million worth of arms to Saudi Arabia is not covered by this amendment, but it amounts, in effect, to a form of aid to Saudi Arabia.

I do not know how in the world the Secretary of Defense, Mr. McNamara, can justify building up the military power of that dictatorship any more than the building up of the dictatorial power of Nasser or other dictators in the Middle East can be justified if we are going to sell arms to them when it is perfectly obvious that they cannot be counted on for carrying out peaceful intentions.

Those particular items are not covered by the amendment, but the three countries to which the amendment refers are covered. I do not believe we can justify continuing the amount called for as to Iran, Ethiopia, and Jordan. It is not going to bring about peace; it is going to endanger it. I read in today's newspaper, for example, an interesting story in regard to Ethiopia.

Let me repeat that the senior Senator from Oregon is in favor of helping economic progress in Ethiopia and each of the other countries that will benefit the great masses of the people, but it is not going to them to the degree it should. So I am offering a 10-percent cut to those countries. It is by way of a symbol, it is by way of a warning, it is for the purpose of having a salutary effect.

I do not believe we can continue to give any such amount or make available loans or grants in such an amount as is included in the bill, not only for Iran, Ethiopia, and Jordan, but also for other countries, whose waste, inefficiency, and downright corruption through use of the money, should be stopped or at least curtailed.

I propose to curtail it to the extent of 10 percent of the funds.

Do not forget, as I said in regard to the other countries, when there is a cut of 10 percent we would not slip very far below the level of what each country is presently allowed.

Mr. FULBRIGHT. Mr. President, I oppose the amendment on the same grounds that I opposed the other amendments on which the Senate has just voted.

I yield back the remainder of my time.

Mr. MORSE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. MCGEE], the Senator from Maine [Mr. MUSKIE], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STENNIS], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Rhode Island [Mr. PELL] is necessarily absent.

I further announce that if present and voting, the Senator from Wyoming [Mr. MCGEE] would vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Rhode Island [Mr. PELL]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senator from Texas [Mr. TOWER] is necessarily absent.

The Senator from Hawaii [Mr. FONG] and the Senator from California [Mr. MURPHY] are absent on official business.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

If present and voting, the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. MURPHY], and the Senator from Texas [Mr. TOWER] would each vote "nay."

The result was announced—yeas 15, nays 74, as follows:

[No. 130 Leg.]

YEAS—15

Cotton	Fannin	Morse
Curtis	Gore	Ribicoff
Douglas	Hruska	Robertson
Eastland	McClellan	Russell, S.C.
Ellender	McIntyre	Simpson

NAYS—74

Aiken	Hart	Monroney
Allott	Hartke	Montoya
Anderson	Hayden	Morton
Bartlett	Hickenlooper	Moss
Bass	Hill	Mundt
Bayh	Holland	Nelson
Bennett	Inouye	Neuberger
Bible	Jackson	Pastore
Boggs	Javits	Pearson
Brewster	Jordan, N.C.	Prouty
Burdick	Jordan, Idaho	Proxmire
Byrd, W. Va.	Kennedy, Mass.	Randolph
Cannon	Kennedy, N.Y.	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Smathers
Church	Long, Mo.	Smith
Clark	Long, La.	Sparkman
Cooper	Magnuson	Symington
Dirksen	Mansfield	Thurmond
Dodd	McCarthy	Tydings
Dominick	McGovern	Williams, N.J.
Ervin	McNamara	Williams, Del.
Fulbright	Metcalf	Yarborough
Gruening	Miller	Young, Ohio
Harris	Mondale	

NOT VOTING—11

Byrd, Va.	Muskie	Talmadge
Fong	Pell	Tower
McGee	Russell, Ga.	Young, N. Dak.
Murphy	Stennis	

So Mr. MORSE's amendment was rejected.

AMENDMENT NO. 231

Mr. DIRKSEN. Mr. President—

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 11, strike out lines 10 to 14 and insert in lieu thereof the following:

(b) Amend section 504(a), which relates to authorization, by striking out the first sentence thereof and substituting the following: "There is hereby authorized to be appropriated to the President to carry out the purposes of this part, for use beginning in fiscal year 1966 not to exceed \$1,270,000,000, and for use beginning in fiscal year 1967 not to exceed \$1,170,000,000, which sums shall remain available until expended. Of the funds made available to carry out the purposes of this part for fiscal year 1966, a sum equal to the amount programmed for assistance to the Republic of China in the presentation entitled 'Military assistance programs, fiscal year estimates, 1966' plus \$100,000,000 shall be available only for military assistance to the Republic of China."

Mr. DIRKSEN. Mr. President, in one sentence, what the amendment proposes to do is add \$100 million to the military assistance provided in the bill for the Republic of China in Taiwan.

The amount of military assistance for China is manifestly a classified figure. I know what it is, but I am not at liberty to utter it on the floor of the Senate. To that figure I would add \$100 million.

We have been in Vietnam for a long time. If the dispatch figures are correct, we now have 61,000 troops or advisers in that Asian country, to carry out our pledges and promises under the Geneva accord of 1954.

I believe everyone will admit today that Vietnam is a dangerous and serious business. There have been a myriad of reactions as to what we should do. Some

counsel that we should retreat. Others counsel that we should leave the country. Still others think we should initiate negotiations for an ultimate settlement. Still others believe that we ought to conduct a holding operation at the 17th parallel, others believe that an escalation of our military effort would invite the Red Chinese to come into Vietnam.

We have been treated to sit-ins and teach-ins, including a teach-in here in the Nation's Capital. All of this, however, in my judgment constitutes a great deal of negative thinking about the problem that is before us and what we should do.

The dispatches from Hong Kong would indicate that Red China is preparing for war. There is talk that the Red Chinese militia is being expanded. There is talk, and there are dispatches to show, that they now have a camp-out program to train civilians for war. There is some word to the effect that Red China is now moving toward total conscription.

In the meantime we who support the President—and frankly I am one of them—are asked what we would do that is not being done. That is a question that comes to the minority, rather than to the majority.

Before us is a twofold bill, and it contains aid for free China on Taiwan. From the very beginning of foreign aid she has had a seat in the United Nations and on the Security Council. She has been a devoted ally. When Quemoy and Matsu were threatened, we adopted a resolution holding up the hand of the President. In the pending bill there is something that we can do about Vietnam.

On Taiwan are 600,000 troops. It has been several years since it has been my privilege to inspect them. When I did inspect them, and lived with them for 2 days in their field exercises, I thought they were among the finest troops I have ever seen. They have a constant turnover and they keep their army on the young side. They have fine leadership, and thus far there has been no hint of their utilization, if that time should ever come.

Mr. President, we hear endless rumblings from Peiping as to what the paper tiger of Red China is going to do. There is a constant growl.

In Formosa there is a real tiger in the symbol of 600,000 energetic young men with fighting hearts. It can be, probably, the greatest restraining force in all of Asia. One of the things that Red China fears more than anything else is her exposed sea flank in Fukien Province. All one has to do is to look at a map, and take account of the build-up that has occurred at Amoy, 2 miles across the straits from Quemoy, and also at Swatow. That is the soft underbelly of Red China.

The greatest restraining force in my judgment would be to make sure that the 600,000 troops on Taiwan, who represent the Republic of free China, if they are properly equipped, if they are properly weaponed, and if they are properly encouraged, will be the greatest deterrent

and the greatest restraining force to the noise and threats to which we have been treated from Red China for many months.

I have been on Quemoy several times. I have had an opportunity, through a fieldglass, to examine that exposed sea flank. It is only 2 miles across the strait. However, free China must be adequately equipped.

Let me make it abundantly clear that I am not taking for one moment about so equipping the free China force as to have it become an invasion force. I like to have someone in the shadows if and when the time comes, for who shall say what the developments in Vietnam are likely to be?

As of now, I doubt whether anyone except the most knowledgeable military observer can give us a good idea of what might be in the wind in Vietnam.

I have said on the floor of the Senate on other occasions that I do not pretend to any expertise in that field. However, I have an idea, from the reports that have come to me, and only recently from a general of marines, now retired, who spent 6 months observing that situation, that this is one of the best things that we could do. This would be the answer to those who speculate about Red China.

I propose to withdraw the amendment. I merely wished to make the point. The reason I shall withdraw it is a very valid one. In the first place, I have discussed it with the Secretary of State. In the second place, I have discussed it with the Secretary of Defense. In the third place, I have talked with the White House about this subject. I have been assured from all sources that, quite aside from the \$100 million that I propose, there are now funds and authority available to make certain that the army on Taiwan, representing free China, and our friends, can be and will be suitably weaponed in case eventualities should arise that make it necessary. That case has not been made, but I think we have overlooked it. So I believe the attention of the Senate should be directed to that fact.

I withdraw the amendment for only one reason, and that reason is that assurances have been given on this point, and I am content to accept those assurances, and let things stand at that.

But let us not forget what we have out there by way of a potential ally that can be in our corner if and when the time should come. So I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

AMENDMENT NO 267

Mr. DIRKSEN. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Illinois will be stated.

The legislative clerk read the amendment, as follows:

Section 604 of the Foreign Assistance Act of 1963, as amended, is amended by adding the following new subsection after subsection (d) of section 604:

"(e) The Congress directs the Secretary of the Treasury or his designated representative to refuse to permit the flotation in the

United States of new security issues of the International Bank for Reconstruction and Development or of the Inter-American Development Bank and to refuse to permit the proceeds of dollar borrowings of either of these two institutions from United States financial institutions to be exchanged for the currency of any other country until the United States has experienced a surplus in its balance of payments for four consecutive reporting quarters."

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, I shall yield, but first I ask unanimous consent at this time that I may add the name of the distinguished Senator from Ohio [Mr. LAUSCHE] as a cosponsor of the amendment.

Mr. LAUSCHE. That is what I intended to ask.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MORSE. Will the Senator add my name also?

Mr. DIRKSEN. I am delighted to have the Senator's name added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I do not propose to belabor the subject very long. I merely wish to point out to the Senate that one of the most menacing and threatening problems before our country is the imbalance in our payments in the international field.

If perchance—and I say this advisedly—Great Britain does not shake out of her difficulty so far as trade balances are concerned, which are running a deficit of \$90 million a week, we may be headed for real trouble before we are through. A good many things have been done. We have had the interest equalization tax in the hope that we could diminish the flotation of foreign capital issues in the American market. We have had voluntary programs by banks in order to curtail long-term loans to the European market. But somehow we permit international organizations to come into our market, float their bonds and then, of course, to take dollars out of the country and so add to the imbalance-of-payments problem.

Mr. President, I shall put into the RECORD tables that show the security flotations by the World Bank on the U.S. capi-

tal market in millions of dollars. Table 1 begins in 1947 and runs to 1965. The total amount involved is more than \$2 billion. If the statement is corrected for any of the ancillary matters that usually occur in connection with the flotation of a capital issue, we shall still be \$1 billion "behind the 8 ball" because of the flotation of these international organizations in our market.

If we are to pursue a consistent course, including tax equalization, pressure upon the banking confraternity in order to keep money out of European markets, and a half a dozen other proposals that are in the wind, we might as well be consistent and say to the international organizations that their action is going to stop and they are not going to rob the capital market while our diplomats and financiers are making a Herculean effort in order to correct the balance-of-payments problem.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the tables and a statement I have prepared.

There being no objection, the tables and explanation were ordered to be printed in the RECORD, as follows:

TABLE 1.—Security flotations by the World Bank on the U.S. capital market
[Dollars in millions]

Issue date and maturity	Principal outstanding	Annual sinking fund requirements
January—		
1965: 25-year bonds...	\$200	1975, \$6; 1980, \$7.
1963: 2-year bonds...	100	None.
1962: 2-year bonds...	100	None.
1962: 3-year notes...	5	None.
1962: 15-year bonds...	5	1973-77, \$1.
1962: 20-year bonds...	100	1972-81, \$5.
1961: 3-year notes...	148	None.
1961: 3-year notes...	110	None.
1960: 12-year bonds...	120	None.
1960: 25-year bonds...	125	1970-79, \$3.8; 1980-84, \$5.
1958: 10-year bonds...	150	None.
1958: 15-year bonds...	95	1965-73, \$5.
1958: 21-year bonds...	150	1968-77, \$7; 1978, \$5.
1957: 20-year bonds...	86	1967-76, \$5.
1957: 21-year bonds...	100	1967-71, \$4; 1972-77, \$5.
1957: 23-year bonds...	71	1968-79, \$3; 1980, \$1.5.
1954: 15-year bonds...	67	1965, \$3; 1966, \$4; 1967-68, \$5.
1952: 19-year bonds...	44	1965, \$2.
1951: 30-year bonds...	100	1966-67, \$2; 1968-73, \$3; 1974-80, \$4.
1947: 25-year bonds...	124	1965, \$2.7; 1966, \$4.
Total.....	2,085	

TABLE 2.—Security flotations by the inter-American Development Bank

[Dollars in millions]

Issue date and maturity	Principal	Sinking Fund Requirements
October 1964: 20-year, 4½-percent bonds...	\$100	75 percent of issue repaid before maturity; amortization payments begin November 1970 at \$5.4 through 1983.
March 1964: 20-year, 4½-percent bonds...	50	75 percent repayable before maturity; amortization payments begin in 1970 at \$2.7 a year.
1962: 20-year, 4¼-percent issue.....	75	Amortization payments begin in 1963 at \$5 a year.

EXPLANATION OF AMENDMENT TO SECTION 604 OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

To protect the U.S. balance-of-payments position, the President, on February 10, announced a number of measures aimed at curtailing the outflow of private capital. These included: (1) broadening and extending the

tax on purchases of foreign securities to cover long-term bank loans and nonbank credit of 1- to 3-year maturities through the Interest Equalization Tax; (2) holding the total volume of bank credits to foreigners at a 5-percent increase of the 1964 volume of outstanding claims; and (3) initiating a voluntary program to enlist the cooperation of

U.S. businessmen to temporarily limit their direct investments abroad.

At the same time, however, the U.S. permits the flotation of security issues by the World Bank (IBRD) and the Inter-American Development Bank (IADB) in the U.S. capital market. The securities of these two institutions are able to be floated successfully because they carry the guarantee of the U.S. Government that they will be repaid in the form of the U.S. subscriptions to the callable capital of these two institutions. However, none of the dollars so raised are tied to U.S. procurement.

It is patently inconsistent to attempt to correct the U.S. balance of payments problem by control of private bank lending and voluntary limitation of private investments while simultaneously encouraging the outflow of dollars by permitting the flotation of IBRD and IADB securities in the United States and assuring their successful flotation by placing the faith and credit of the United States behind these securities.

In his testimony before the Senate Foreign Relations Committee on December 4, 1963, former Secretary of the Treasury Dillon assured the Committee in discussing the impact upon the balance of payments of increased participation of the United States in the Inter-American Development Bank that bond flotations would be carefully assessed "so that the overall total (i.e., of World Bank and IADB bonds) would stay within the proper amounts." Nonetheless in 1964, \$150 million of IADB bonds and in January 1965, \$200 million of World Bank bonds were floated in the U.S. capital markets.

The fact is that our deficits and the European surpluses arise largely through transactions with less developed countries. As recently as March 25, 1965, Governor J. L. Robertson of the Federal Reserve Board stated this at a Conference of Reserve Bank Directors in Washington:

"Actually, the main source of the persistent payments surplus of continental Europe, which is the counterpart of our payments deficient, are not the direct transactions between the United States and Europe—but indirect transactions. Continental Europe has a huge export surplus in relation to the less developed nations, which is being financed largely by the public and private funds that the United States pours into those countries. Hence, a curtailment of the continuous increase in the flow of U.S. funds to less developed countries is needed for a correction both of our own payments deficit and of the Continental European surplus."

Mr. T. Graydon Upton, Executive Vice President of the Inter-American Development Bank recognized the negative impact of untied IADB funds on the U.S. balance of payments as early as April 24, 1962, when he made the following statement in Buenos Aires at the plenary session of the third meeting of the Board of Governors of the Bank.

"The Inter-American Development Bank also has loaned significant amounts for local costs. Thus from its Social Progress Trust Funds it committed \$80 million in 1961 for such purposes, while committing almost \$36 million from its own resources to cover local costs. Indeed, it can be anticipated that perhaps 80 percent of all Social Progress Funds administered either by the Bank or by the Agency for International Development will be loaned for local costs. These loans mean in effect that dollars are being placed in the reserves of the recipient countries available for purchases wherever the country desires. That is, they represent untied dollars. In addition, as you know, the loans from the Inter-American Development Bank's own resources which it anticipates committing at the rate of \$200 million (in-

cluding local currency capital) a year are also untied.

"In the light of this continuing flow of untied dollars to Latin America, it is interesting to review the changes in the pattern of trade between Latin America and its chief suppliers. In 1948 Latin America imported \$1.3 billion worth of goods from Western Europe, while importing \$3.7 billion from the United States. By 1960, importation from Western Europe had increased to \$2.5 billion, while imports from the United States had dropped to \$3.5 billion. In other words, while Latin America still continues to secure the majority of its imports from the United States, the U.S. share of the Latin American market has dropped from 59 to 45 percent, while Western Europe's share has risen from 23 to 33 percent.

"On the other hand, Latin American exports to the United States rose from \$2.5 billion in 1948 to \$3.4 billion in 1960, or by 36 percent, while exports to Western Europe rose from \$2.4 billion in 1948 to \$2.5 billion in 1960, or by only 4 percent. This means that Europe is still increasingly benefiting from the flow of untied U.S. dollars into Latin America in which the loans of the IADB are a significant factor."

The magnitude of the balance-of-payments impact of the security flotations by international organizations can be seen in Tables 1 and 2. Table 1 shows that of the \$2,085 million in security flotations by the World Bank on the U.S. capital market, fully \$1,408 million was floated between 1958 and January 1965, when the U.S. deficits were critically large. The record of procurement of goods under IBRD loans indicates that about 35 percent of IBRD procurement has taken place in the United States. Thus, of the \$1,408 million floated in the United States by this institution, about \$915 million had an adverse impact on the U.S. balance of payments.

Table 2 shows the security flotations by the Inter-American Development Bank in our capital markets. Since 1962, the IDB has floated \$225 million in our markets. Approximately 40 percent of Latin-American imports come from the U.S. and therefore, of the \$225 million, about \$135 million had an adverse impact on our balance of payments.

In summary, the flotations by the International Bank for Reconstruction and Development and the Inter-American Development Bank have cost the U.S. balance of payments over a billion dollars during the past 7 years. To plug this loophole in our efforts to control balance-of-payments deficits, the proposed amendment to section 604 should be passed.

This proposed amendment will be effective because the charters of the International Bank for Reconstruction and Development and the Inter-American Development Bank provide that these institutions must obtain the approval of the country in which they float their bonds and the approval of the member in whose currency the obligations are denominated; their charters also provide that when funds are borrowed directly, agreement of the member country where the funds are borrowed must be obtained so that the proceeds may be exchanged for the currency of any other country without restriction. (See art. IV, sec. 1 (a) and (b) of the articles of agreement of the International Bank for Reconstruction and Development and art. VII, sec. 1(1) of the agreement establishing the Inter-American Development Bank.)

Mr. DIRKSEN. Mr. President, I shall not ask for a record vote. I shall leave it to the Senate. I desired to bring the question to the attention of the Senate because ultimately if the Senate Finance Committee has jurisdiction, the question

may come before our committee and then we can deal with it as we should.

Mr. MORSE. Mr. President, will the Senator yield 5 minutes to me?

Mr. DIRKSEN. I yield 5 minutes to the Senator from Oregon.

Mr. MORSE. The absolute need of the Dirksen amendment is indicated by recent history of my dealings with the Treasury Department. Furthermore, the perfidy of that Department in dealing with the Congress is clearly indicated by the items I have inserted into the Record in the past.

Last fall after the Secretary of the Treasury had assured me that he would be most cautious in authorizing any new Bank borrowings in the American market, he promptly authorized a borrowing of \$200 million in January 1965.

Today the new Secretary of the Treasury, Mr. Fowler, asks that Congress reject the Dirksen amendment which would prohibit the World Bank from floating security issues in the U.S. market until our international payments show a favorable balance for four quarters.

And what does the Secretary argue? He says: "Trust me." He points out that no funds can be floated for the Bank without his permission.

This is the same position which Secretary Dillon took last winter—on October 13, to be precise—when I queried him on this same point.

He replied to me on October 27 in these words:

An application by the Bank for bond sales in our market will be reviewed on its merits in the light of the concrete situation at the time, including our own balance of payments and the effect of any Bank borrowing thereon.

I took the Secretary at his word. Whereupon, in early January the Secretary of the Treasury announced that the Bank would be permitted to float a \$200 million issue in the United States.

I realize this amendment may be rejected on a point of order, but I think the time has come to impress on the Treasury Department that the Congress, at least, takes this question of our international balance of payments most seriously. I, for one, do not intend to be misled by any statements from the Treasury Department that they do not think the Bank will borrow any more funds in the American market this year.

I think the administration will do just as it pleases, regardless of assurances they now give us. That is what they did last year.

I ask unanimous consent that my exchanges of letters with the Secretary of the Treasury on this point may be inserted in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

OCTOBER 13, 1964.

Hon. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: I enclose a photostat of an article appearing in the September 14, 1964, issue of the Wall Street Journal which suggests that the World Bank will probably seek to raise \$300 to \$400 million of new capital in the next fiscal year. I have noted

that you have urged that the bulk of these funds be raised in the European markets.

Inasmuch as article IV, section 1, of the articles of agreement seems to give a veto to the member "In whose markets funds are to be raised," I would be interested to know whether you will propose that this veto be exercised to protect our balance of payments.

Sincerely yours,

WAYNE MORSE.

THE SECRETARY OF THE TREASURY,
Washington, October 27, 1964.

HON. WAYNE MORSE,
U.S. Senate, Washington, D.C.

DEAR WAYNE: Thank you for your letter of October 13, 1964, regarding possible World Bank borrowing of \$300 to \$400 million of new capital in private markets this fiscal year.

In Tokyo, as you know, I did point out that the World Bank will soon have to re-enter the capital markets on a substantial scale. I emphasized that the Bank should intensify its efforts to develop more effective facilities for mobilizing private savings in the capital markets of industrial countries that are accumulating reserves. I feel that more adequate capital markets in such countries are very important and hope that our oft-repeated views on this subject will be helpful in speeding their development.

I did not mean to imply, however, that the United States should prohibit any and all attempts by the Bank to mobilize private funds for development through bond sales to U.S. residents. While significant progress has been made since my ABA speech in Rome in May of 1962, the development of more adequate European capital markets takes time. There will be circumstances in the meantime where some accommodation to the needs of the World Bank will be in our interest. An absolute prohibition at this time of Bank access to our market might well cripple this uniquely valuable institution's operations on behalf of the international development effort.

Any application by the Bank for bond sales in our market will be reviewed on its merits in the light of the concrete situation at the time—including our own balance of payments and the effect of any Bank borrowing thereon.

I can assure you that the World Bank management is fully aware of the necessity for utilizing European capital markets to the maximum extent funds are available on reasonable terms. I do not expect any relaxation in our pursuit of developing the capital markets of the other industrial countries.

With best wishes.

Sincerely,

DOUGLAS DILLON.

JANUARY 8, 1965.

HON. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: I wish to recall my letter to you of October 13, 1964, in which I expressed concern over the prospect that the World Bank would seek to raise new capital in the U.S. market. In your response of October 27 you stated that the United States should not at present prohibit "any and all attempts by the Bank to mobilize private funds for development through bond sales to U.S. residents." There nevertheless was at least an implication that the bulk of the \$300 to \$400 million of new capital required by the World Bank might be raised outside this country. According to the New York Times of December 29, however, the World Bank has now announced it will float a \$200 million bond issue in the United States beginning on January 18.

It seems to me that the key sentence in your October 27 letter was the following: "Any application by the Bank for bond

sales in our market will be reviewed on its merits in the light of the concrete situation at the time—including our own balance of payments and the effect of any Bank borrowing thereon." Frankly, I am not aware of any measurable improvement in our balance-of-payments situation during the past 2 months; indeed, I would assume the contrary from the New York Times story of December 30, 1964, by Richard E. Mooney—a copy of which is attached. The article reports that the OECD annual review of the U.S. economy contains the advice "that more curbs on outflowing capital may be needed to put the country's international payments in better balance." Yet the proposed World Bank bond issue appears a dramatic move in the opposite direction.

In these circumstances, I would like very much to know just what sort of review of the Bank application took place within the U.S. Government. Specifically, was approval of the application given by the National Advisory Council on International Monetary and Financial Problems, and was the decision taken unanimously? How do you assess the impact on our balance of payments in concrete terms?

In short, I would appreciate learning the full story of this transaction and its implications; you need not be concerned about sparing me any details.

Sincerely yours,

WAYNE MORSE.

THE SECRETARY OF THE TREASURY,
Washington, D.C., January 22, 1965.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR WAYNE: I am happy to answer the questions raised in your letter of January 8 concerning the World Bank bond issue in the United States. This \$200 million bond flotation was successfully launched last week. The Bank did this a few days earlier than contemplated in the report you cited, because market conditions were thought to be propitious.

The World Bank announcement on January 5 of the contemplated issue was made after the U.S. Government approved the Bank's request as required by its articles of agreement. You asked whether the National Advisory Council decision was unanimous. It was. I gave the proposal my closest attention, and let me also say that my own approval of the Bank's request was completely in accord with the considerations which I mentioned in my letter to you of October 27, 1964.

As I said in that letter, the World Bank management is fully aware of the need for utilizing European capital markets to the maximum extent funds are available on reasonable terms. I can reassure you, based on my conversations with the Bank management from time to time in the past 2 months in connection with the contemplated bond issue, that they have every intention to pursue assiduously this course. The Bank feels that it might be able to raise between \$100 and \$140 million in new money outside the United States for the remainder of its present fiscal year (which runs concurrently with our own). This amount is in addition to the \$298 million of new and refinancing operations arranged by the Bank outside the United States earlier this fiscal year. Included in the latter was a private placement entirely outside the United States of a \$100 million, 2-year, 4¼-percent bond issue with central banks and other Government institutions in 26 countries. The remainder was essentially a refinancing operation also involving a private placement of negotiable notes with an institutional investor outside the United States. A part of this transaction will be effected at the beginning of February. While the refunding transactions did not affect the total of

the Bank's outstanding funded debt, in the absence of that financing an equivalent amount of matured debt would have been paid off net by the Bank, thereby adding to foreign exchange reserves abroad.

You asked about the effect of our balance of payments of the \$200 million bond issue. While the World Bank needs to have these funds firmly available to maintain continuity of its financial operations, particularly its substantial lending commitments, it will not actually have to disburse these newly acquired funds for some time. Accordingly, the World Bank management intends to place in the United States the proceeds of the issue in time deposits or investments which have maturities in excess of a year. In terms of the U.S. balance of payments, the outflow of long-term capital represented by U.S. purchases of the bonds will be matched by at least an equal offsetting inflow of long-term capital, and thus, the entire transaction will in no way affect our balance-of-payments deficit this year. The manner and extent to which these funds will affect our balance of payments in 1966 or later will depend on a variety of factors when these funds are actually disbursed. I should point out in this connection, that the net effect of the World Bank's overall operations on the U.S. balance of payments since the inception of the Bank has been a favorable one. This has been particularly true in the period since 1958, which is the period of our most serious balance-of-payments problem.

Furthermore, dollar accruals of the World Bank are completely different in terms of potential calls on our gold stock from such accruals to the reserves of the surplus countries of Europe. Restort to the U.S. capital market in the latter case adds to their dollar reserves which, in turn, can readily be translated into calls on our gold. It was particularly in order to dampen the rapidly growing volume of such borrowings, with all that this implied, that the interest equalization tax was adopted. This tax proved effective in helping further reduce the regular deficit in the U.S. balance of payments in 1963 and the first three quarters of 1964. While all the results for the fourth quarter of 1964 are not in, as you said, it may not turn out as we had hoped. I am following these developments very closely.

Finally, I need hardly reiterate my views on the important role the development of European capital markets can play in alleviating international payments imbalance. The need of the World Bank to enter the U.S. market reemphasizes my conviction of the importance of further progress. The Bank recognizes the significance of such progress. The Europeans, too, are increasingly recognizing the need.

With best wishes.

Sincerely,

DOUGLAS DILLON.

Mr. LAUSCHE. Mr. President, will the Senator yield 5 minutes to me?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Ohio.

Mr. LAUSCHE. In my opinion the Senator from Illinois has discussed one of the gravest problems confronting our country. That is the outflow of gold from the United States, endangering the stability of our economy. On February 10 the President of the United States recommended in vigorous terms certain courses that ought to be followed in order to preserve the stability of the currency of our Nation. It is now the middle of June. Four months have passed. The recommendations made by the President have not brought about a condition which indicates that there is a stoppage of the outflow of gold.

The President called upon investment houses and American industrialists voluntary to discontinue sending dollars into foreign nations. That plea has not produced the result which the President anticipated.

The Congress also passed a bill imposing a special tax upon earnings in foreign investments. That bill has not produced anticipated results.

The amendment of the Senator from Illinois contemplates the prohibition of the American purchase of foreign bonds unless conditions are contained within the purchase that will prevent the outflow of American dollars into foreign countries. I believe the proposal is sound. My own judgment is that we have not been adequately conscious of the dangers that reside in the outflow of gold.

I do not agree with the Senator from Illinois that this proposal ought to be disposed of on a voice vote.

I ask the Presiding Officer: Is there any parliamentary prohibition against this proposal being voted upon by the Senate? Is it subject to a point of order? May I have an answer to my inquiry?

The PRESIDING OFFICER (Mr. Russell of South Carolina in the chair). Will the Senator from Ohio please restate his inquiry?

Mr. LAUSCHE. If a point of order is raised, can it be sustained by the Chair? I raise the point of order.

The PRESIDING OFFICER. The Senator from Illinois has the right to use all his time before the Senator from Ohio can make his point of order.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield for a question?

Mr. DIRKSEN. How much time does the Senator require?

Mr. AIKEN. I merely wish to ask a question.

Mr. DIRKSEN. I yield 2 minutes to the Senator from Vermont.

Mr. AIKEN. Without pretending to be an expert in international monetary affairs, and without minimizing the seriousness of the outflow of gold from this country or the imbalance of international monetary arrangements, I should like to ask the distinguished Senator this question: Why is it that the World Bank invests all of its earnings and reserves in U.S. securities if we are on the brink of serious trouble? That has puzzled me for a long time.

Mr. DIRKSEN. It puzzles me, too. But we cannot fault the balance-of-payments problems before the World Bank. It is here. It threatens.

Mr. AIKEN. That is true. I do not know what the answer is. I was hoping that someone could tell me why the World Bank considers U.S. securities the best investments.

Mr. DIRKSEN. I believe I would feel the same way if I were connected with the World Bank, as I look over the rest of the world and see what the credit and money problem really is.

Mr. AIKEN. That means that although we may be in trouble ourselves with a gold problem and a monetary problem, the rest of the world is in worse condition than we are, and that the United States is the safest place to invest funds.

Mr. DIRKSEN. No. It now begins to appear, the way France is beginning to accumulate a gold stock, that she is getting herself into a better position than we are in. I do not believe that at the moment Germany is in difficulty. However, I believe that Great Britain is in serious difficulty. Heretofore the whole world—

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. DIRKSEN. I yield myself an additional 2 minutes.

Heretofore, the whole world was pretty well tied to the pound sterling; now it is tied to the dollar. Just think of the rumble one gets from Great Britain at the present time because the trade imbalance is running some \$90 million a week. So far as we can learn from experts in this field, they believe that by the time we reach late September or October, there will be some real trouble in the international financial market.

Mr. AIKEN. We can always go back to beaver skins.

Mr. LAUSCHE. Mr. President, will the Senator yield so that I may request a yea-and-nay vote?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, a moment ago the Senator from Ohio suggested that a point of order might lie against the amendment. I believe it does, particularly with regard to the International Bank for Reconstruction and Development which is dealt with only slightly in connection with the matter of the amendment.

I wish to read to the Senate a letter addressed to me by the Secretary of the Treasury concerning the amendment. It makes clear what is fundamentally wrong with the amendment.

DEAR MR. CHAIRMAN: I understand that an amendment, No. 267, was introduced to the foreign assistance bill (S. 1837) which would direct me to refuse permission to the IBRD or IDB to float new security issues in the United States, and to refuse to permit the proceeds of dollar borrowings by these institutions to be exchanged for any other currencies until the United States has experienced a balance-of-payments surplus for four consecutive quarters.

In effect, the Secretary is saying that the Senate is declaring that to some extent the dollar is no longer convertible. We treat the dollar to a considerable extent like the cruzeiro or the rupee. This is one of the main things we have for years struggled to prevent. That is what the Secretary means when he writes that the amendment would direct him to "refuse to permit the proceeds of dollar borrowings by these institutions to be exchanged for any other currencies until the United States has experienced a balance-of-payments surplus for four consecutive quarters."

I continue to read the Secretary's letter:

While I certainly appreciate the overall objective that lies behind the proposed amendment, I believe an amendment of this type both unnecessary and undesirable. You may recall that Secretary Dillon, at the annual meeting of the World Bank in Tokyo

last year, emphasized that the World Bank should intensify its efforts to develop more effective facilities for mobilizing private savings in the capital markets of industrial countries that are accumulating reserves. I share this objective with him. I feel, however, just as Secretary Dillon has pointed out in the past, that an absolute prohibition on access to our markets might well cripple these uniquely valuable institutions' operations.

By their charters—

I invite especial attention to this.

By their charters—

Of these two institutions—

these important Banks cannot borrow on the U.S. market without the specific approval of the United States; in effect, the Secretary of the Treasury and the National Advisory Council. To carry out my responsibilities, I should have the flexibility to review each application for such borrowings on its merits in light of all of the circumstances.

The managements of both the World Bank and the IDB are completely aware of the need to use European capital markets to the maximum extent funds are available on reasonable terms. The World Bank has raised a major portion of its borrowed funds abroad, and the Inter-American Bank has also carried out substantial borrowings abroad. When funds have been borrowed in the United States the proceeds have been held in a way that has a minimum effect on our balance of payments. Furthermore, I am reasonably confident that neither of these institutions has any intent of borrowing in this market the remainder of this year, and looking beyond, at such time as they do come in with a request, I would want to examine all the factors, including the effects on our own balance of payments before making a decision.

I should point out also that the latter part of the amendment seems to be directly contrary to the charters of these two institutions to which all members have subscribed. It raises not only questions of policy but questions with respect to obligations firmly undertaken.

I, of course, do not intend to relax efforts in pursuit of the development of capital markets abroad and, I need hardly say, do intend to take all appropriate steps to improve our balance of payments.

With best wishes,

Sincerely yours,

HENRY H. FOWLER.

Mr. President, this amendment brings in a complex subject. If it should be treated at all—and I do not believe it should be—it certainly ought to receive hearings by the Committee on Finance and also, probably, by the Committee on Foreign Relations. The Committee on Foreign Relations has had no opportunity to consider the amendment. I think it is irrelevant to the objectives of the foreign aid bill.

These two great organizations are not really the subject of the foreign aid bill. But laying that aside, it seems to me it would be most improvident and foolish for us to undertake in this cavalier manner to force upon the administration an action of which it so thoroughly disapproves. The administration already has the power to disapprove of any borrowing, as the Secretary says.

If there is something so wrong with the Secretary of the Treasury, he ought to be impeached if he will not carry out his duties in the national interest.

We should not try to act on such an amendment to the foreign aid bill at this

late hour, when Senators have had no opportunity to study the problem. It may call attention to the previous problem, which we all know about.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. Mr. President, can the Senator advise the Senate what proportion of what is in each of these great institutions is the property of the United States?

Mr. FULBRIGHT. The United States share of contributions, to my best memory, is approximately 25 percent.

Mr. LAUSCHE. It is more than that. It is 35 percent.

Mr. FULBRIGHT. It originally was about 37 percent. But, as we know, other States have joined and some have increased their contributions, while ours stayed approximately the same. Therefore, our percentage has gone down. On the IBRD it is approximately 42 percent.

Mr. HOLLAND. Does the Senator think we would be in a favorable position if we possibly precluded institutions of which we were the largest single proprietary owner, from doing business in our own country?

Mr. FULBRIGHT. I believe that it is absolutely improvident. It goes directly into the face of our policy—followed not alone by this administration, but by every administration ever since these institutions were created. It has a perfectly proper effect on this problem. The Senator said they can borrow without the specific approval of the United States. As the Secretary of the Treasury and the National Advisory Council have stated, this is not wide open. They must have the approval of our Government, whatever party is in power.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the distinguished Senator from New Mexico.

Mr. ANDERSON. Mr. President, I believe this is a matter that should come before the Finance Committee. The able and distinguished chairman of that committee was aware of this problem.

The matter is clearly not germane to the bill. A point of order ought to be made.

Mr. FULBRIGHT. I intended to do that. I did not think it was necessary. The Senator offered the measure. He said that he was not going to ask for a record vote. I thought he was making the point of emphasizing the importance of the balance of payments, on which we all agreed. But I did not think it would be carried this far.

I am prepared to make a point of order. However, I cannot make the point of order until the Senator has exhausted his time.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARLSON. Mr. President, it appears that we have gotten ourselves into a rather difficult parliamentary situation. We have asked for the yeas and nays.

This is a delicate matter. I do not believe that we should act hastily on this matter. The monetary market of the

world is in a very critical condition. Any vote had in this Chamber would perhaps be regarded as of far greater importance than it warranted.

Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded. I believe that would be helpful.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Kansas?

Mr. MORSE. Mr. President, reserving the right to object, I want to hear the ruling on the point of order before this unanimous-consent request is granted.

The PRESIDING OFFICER. The Chair rules that the point of order cannot be made until the Senator from Illinois yields back his 18 minutes.

Mr. MORSE. I do not want to consent to a unanimous-consent request until after we have reached the point at which we can have a ruling on the point of order. We already placed the bank in the foreign aid bill by action taken earlier in the debate.

Mr. ANDERSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ANDERSON. Mr. President, I ask unanimous consent that a parliamentary ruling on the point of order may be made at this time.

The PRESIDING OFFICER. Is there objection?

Mr. LAUSCHE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DIRKSEN. Mr. President, I have discussed this question with the chairman of the Committee on Foreign Relations several times. I believe he will agree that we discussed it.

I did not wish to press this issue to a record vote. I know that this is a delicate subject, coming at a very delicate time in our international monetary situation.

That is the reason I was not going to press the matter.

I only wanted to make the point that there is something in the balance-of-payments picture that we have overlooked, and it is current. Late in 1964 and in January of 1965, at least \$350 million of these international capital issues were floated in the American market. Do not let anyone say differently.

Mr. FULBRIGHT. Not all by the Bank.

Mr. DIRKSEN. Two hundred million dollars was floated by the Bank. However, if they can come in and raid our market of dollars, how are we finally to close the payments gap? This problem should have had attention long before now. It has not had attention. It did not have attention when the interest equalization bill was before the Committee on Finance. It did not have attention when we were dealing with the problems of putting voluntary restraint upon the banking fraternity of the country.

Why was it not considered? The point of bringing the matter up now is to point it up, and, if anything, to make sure that this is not forgotten in the

drive to close this payments gap. Therefore, I have not pressed for a record vote.

I am quite agreeable to the rescission of the order for the yeas and nays. I shall be glad to see this matter discussed in the Committee on Finance, where I think it probably belongs.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Mr. President, I should like very much to join the declared purpose of the Senator from Illinois that the order for the yeas and nays be rescinded.

I must, however, specifically state that for 5 years this problem has been discussed on this floor by my friend the Senator from Missouri [Mr. SYMINGTON] who has called attention to the grave danger to our monetary and fiscal policy.

In 5 years, nothing has been done. The proposal is now made: "Wait. Let Fowler, in his good judgment, pass upon these issues. Do not lose faith in Fowler. He will do that which is best for the country."

Dillon made those statements. Dillon quit and he quit at a time when the problem was most acute. Now we say, "Let Fowler take care of it. He will use good judgment."

The President in November of 1962 and February of 1963 recommended the three courses of action which I have described. Those three courses did not produce the result anticipated.

Fowler appeared before the Committee on Foreign Relations 2 months ago. I asked him: "Do you expect an improvement in the balance of payments?" He said that he did. I asked him what they were on the day that he appeared. He could not give the answer. The answer is now that the balance-of-payment problem is worse than it was. One should not fool himself into the belief that he will solve this problem without the adoption of austere conduct.

The Senator from Illinois, from his magnanimous heart, states: "Let us let the Secretary of the Treasury decide it." I listened to Dillon speak while he was working for Eisenhower. I listened to him speak while he worked for Kennedy and Johnson; and the tunes of his talk were different in 1958 and 1959 than they were in 1962 and 1963. Dillon quit. He quit at a time when the problem was most acute. I will not give unanimous consent that the order for the yeas-and-nays vote shall be rescinded.

Mr. MANSFIELD. Mr. President—

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The Senator from Illinois still has the floor.

Mr. DIRKSEN. I say to my distinguished friend from Ohio that when I express an appreciation for the sensitivity and the delicacy of this whole world monetary picture, I point out to him that a man whom I esteem as a friend, who was born in St. Louis, who is 59 years old, a graduate of Yale, with a string of honorary degrees as long as one's arm, who for 14 years has been the sturdy Chairman of the Federal Reserve Board, makes a commencement speech at Co-

lumbia University, and the next day the Dow-Jones average drops 9 points, this is a sensitive atmosphere. I am cognizant of it.

I would prefer to see my friend from Ohio permit the order for the yeas and nays to be rescinded. I cannot force it, but it would be my desire.

I want to see this subject ventilated. Tomorrow we are to have Secretary Fowler before the Senate Finance Committee. We are going to take up the debt limitation.

We have a very strange situation. We are going to come down on the revenue side of the ledger, overall, by \$5 billion. Tomorrow Mr. Fowler is going to ask us to raise the debt ceiling from \$324 billion to \$328 billion. Before we get through the balance-of-payments situation will be discussed. I shall ask Mr. Fowler about it tomorrow, because he is familiar with this amendment. It was printed when I dropped it into the hopper. I think we shall have another dash at this question. So I do, in a way, entreat my friend from Ohio to consent to rescind the order for the yeas and nays.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. No one in this era has made a more forthright and courageous statement than Mr. McChesney Martin made.

Mr. DIRKSEN. I agree.

Mr. LAUSCHE. He has been condemned. He has been called to task. He did nothing but tell the people of the truth of the dangers confronting us. Some may disagree with me. Probably the chairman disagrees. Of course no one, as a lawyer, can feel more lowered in his confidence than when a judge lacks confidence in what the lawyer says.

Mr. President, I have been requested to withdraw my objection to rescinding the order for the yeas and nays. The Senator from Illinois would want me to answer his question sincerely. He would want me to answer him on the basis of what is best for the country.

Mr. DIRKSEN. Yes.

Mr. LAUSCHE. I answer him, on that basis, "No."

Mr. MANSFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. In view of the fact that the distinguished Senator from Ohio has seen fit to object to the unanimous consent request which has the approval of the author of the amendment before us, it appears that the only alternative is to vote against the amendment of the Senator from Illinois.

Mr. ANDERSON. Mr. President, if the Senator will yield, a point of order lies against the amendment.

The PRESIDING OFFICER. A point of order may be made if the Senator from Illinois yields back his 10 minutes.

Mr. MANSFIELD. Before the Senator does so, I wish to take up the point that the Senator from Ohio has made when he referred to the Secretary of the Treasury, Mr. Dillon—who served well under Republican and Democratic administra-

tions—as quitting. He said it not once, but four or five times. The Secretary of the Treasury resigned. He resigned a year, at least, after he wanted to resign. He has worked as an ambassador of this country to France. He has worked as Under Secretary of State. He has worked as an outstanding Secretary of the Treasury. I believe in giving to a man the credit that is due him; and Douglas Dillon was a good Secretary of the Treasury. I think Mr. Fowler also is a good Secretary of the Treasury, and I expect him to do a good job. I do not like to hear derogatory remarks about people who cannot answer back. I believe they are entitled to respect when they do their best.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, whether we adopt this amendment, or not, I wish to pay tribute to the statesmanship of the Senator from Illinois. I am sorry he is not having his will worked. We shall be worse off than we were with the interest equalization tax, because this will be a complete bar. We are enmeshed in many contradictions. The dollar is the best currency in the world. Everybody admits it. The International Bank carries its reserves in dollars, so they must be dependable. We seem to get the jitters when we have a \$2 billion to \$4 billion imbalance in payments, when we have an international trade of \$36 billion a year. The difficulty is that we have gone at this problem by looking at it through the wrong end of the telescope. We have been much too timid. We fool around with precipitate action which would compound the results of our timidity. I hope very much—I implore my friend, because I know his heart is very good—to let it go now, because it will complicate an already very difficult situation and make it even worse. The Senator from Illinois has given us an ideal way to deal with it on a much more permanent basis.

Mr. DIRKSEN. Mr. President, before I yield back all my time, it seems that so often a person has to walk in an orbit to get attention in order to permit one to point out something that is vital to the present and future well being of the country. That is the reason I have brought it up. I shall yield back the remainder of the time. If the point of order is made, I am not going to labor it. I think it is a very fine point, in view of the existence of section 205 in the bill, but I shall not contest the point of order. I shall await the advice of the Parliamentarian and the ruling of the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas—

Mr. ANDERSON. Mr. President, may I make a point of order against the amendment?

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 1 minute.

Mr. LAUSCHE. Mr. President, in spite of the emphatic "No" I gave the Senator from Illinois, I have concluded that

the essential elements that the Nation should consider with regard to the imbalance in payments have been emphatically set forth tonight. On the basis of that final conclusion, I join in the unanimous-consent request that the order for the yeas and nays be rescinded.

Mr. MORSE. Mr. President, reserving the right to object—

The PRESIDING OFFICER. Does the Senator from Arkansas yield?

Mr. FULBRIGHT. If the Senator from Oregon is going to object, may I ask—

Mr. MORSE. I have a right to reserve my right to object and state my reservations.

The PRESIDING OFFICER. The request has not yet been put. The Senator from Arkansas has the floor.

Mr. MORSE. If the Senator does not have a request, then—

Mr. FULBRIGHT. Mr. President, the Senator from Ohio had, I believe, intended to ask unanimous consent—

Mr. LAUSCHE. No; I withdrew my objection.

Mr. FULBRIGHT. The Senator withdrew his objection to the request—

Mr. MORSE. If he has withdrawn his objection, the request is still before the Senate.

Mr. President, I reserve my right to object—

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. Mr. President, by reserving the right to object—

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas—

Mr. ANDERSON. No, no; the Senator is as wrong as he can be.

The PRESIDING OFFICER. Does the Senator from Oregon object to the withdrawal of the request?

Mr. MORSE. Yes. Reserving the right to object. We have got the parliamentary situation all muddled up. I do not know of any reason why we should not find out whether the amendment is in order. If the amendment is not in order and the Chair is sustained, that will take care of it. If the amendment is in order, I do not believe that we should leave the Record in this situation with the Senate in effect walking out on rendering a decision on one of the most vital problems which confront us. There is no reason why we should pass the buck to the administration. Therefore, for the time being, I shall object to rescinding the order for the yeas and nays.

Mr. FULBRIGHT. Mr. President, I make the point of order that this amendment is not in order. The IDB is nowhere mentioned in the bill. The reference to the IBRD is slight in section 205. We have done this only to make a permissive authority available if there is such authority. It in no way attempts to deal with the charter or the power of the IBRD. It seems to me that a reasonable interpretation of the restriction is germaneness, and would hold that this is not germane in the Senate bill.

Mr. MORSE. Mr. President, may I be heard on the point of order, very briefly.

The PRESIDING OFFICER. The Senator from Oregon may proceed.

Mr. MORSE. When the Chairman of the Foreign Relations Committee had added to the bill the entire so-called multilateral provisions that sought to provide for part of the aid being handled through multilateral bodies, I say that the International Monetary Agency became a part of the bill. If we are going to start doing business through the Senate in connection with international monetary groups, we have the right to proceed to offer amendments in respect thereto. Now we have this organization in the bill, with the Senate having gone on record in the statement, so where are we going to send some of the foreign aid money in the future? If this procedure stands up in final passage through the international bodies, once we did that, the amendment relating to those international bodies would become germane and, in my judgment, the amendment is germane.

The PRESIDING OFFICER. The Chair rules that the Senator—

Mr. BENNETT. Mr. President, will the Senator from Illinois yield me 1 minute, in order to make a parliamentary inquiry?

Mr. DIRKSEN. If I can recover the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. BENNETT. Mr. President, if a motion is made to lay on the table the two points, does that dispose of both it and the point of order?

The PRESIDING OFFICER. That is correct. Tabling takes precedence and is not debatable.

Mr. FULBRIGHT. Mr. President, what was the Chair's ruling?

The PRESIDING OFFICER. The point of order has been made and the Chair rules that the point of order is well taken.

The pending amendment to S. 1837 is out of order because it brings in new subject matter not in order under the unanimous-consent agreement since no amendment that is not germane to the provisions of the said bill shall be received. There is nothing in the bill relating to the regulation of floating new security issues by the International Bank for Reconstruction and Development or in the Inter-American Development Bank, and therefore the amendment is out of order.

Mr. DIRKSEN. Mr. President, I am sorry to detain the Senate so long. I had intended to offer another amendment, but I presume that I shall not do so.

Let me say a word about what has been stated on the floor with respect to our problems in Asia.

We have an estimated 60,000 to 61,000 Americans in Vietnam. Anyone who is familiar with Saigon—and I have walked every street in that man's town several times—knows that other than Saigon, Vietnam is a dismal place. I know the "up" country as far as Hanoi and Haiphong.

In Saigon, a man there can find movies to see, he can visit the PX's, the USO,

and whatever else is officially offered. But, in the jungle countryside, there are no such diversions. The only things marines and others have to depend upon are the instrumentalities of communication which we have built for military and civilian purposes.

Mr. President, it is fair to assume that programs can be relayed from Peking, China, from the Island of Hainan, in the Gulf of Tonkin, or from Hanoi, and they will hear them. They will be out there at night in probably the most dismal God-forsaken place that a human being can imagine. It is quite important what those boys may be hearing when they turn on those instrumentalities.

Let me read a few excerpts from an international broadcast which came out of Peking, a broadcast less than 3 weeks old. I am not going to read all of it, but enough at least to make the point:

The Johnson Administration's military venture in Vietnam has set off disputes of unparalleled intensity within the ruling circles in the United States, while evoking strong censure among the people. Representative figures of the U.S. ruling class, including a number of Congressmen, have publicly complained that Johnson's escalation of the war has resulted in an escalation of reverses. They fear Johnson's war gamble might bring the country to an unprecedented disaster.

Mr. President, that broadcast was taped in English from Peking, and it was relayed. Here are our boys out there on the cold ground at night, or on the wet muddy soil in the monsoon season; and when there is nothing else to engage their attention, they can still catch the shortwave broadcasts.

Reading further:

American newspapers and journalists have sounded the alarm that "the Vietnam war is coming to Washington," and "battle lines are already forming on Capitol Hill over the Vietnam problem" (Washington Evening Star, Jan. 2), and that "some of his own Democrats in the Senate opened fire on the President" and "Mr. Johnson is finding that the White House is a lonely place." (U.S. News & World Report, Mar. 15.)

I read only a little more. It talks about the Foreign Relations Committee and the chairman. I had forgotten whether the Senator had 19 members on his committee.

Mr. FULBRIGHT. Yes; we have 19, officially and technically.

Mr. DIRKSEN. Then they are correct. Here they say:

Of the 19 members of the Senate Foreign Relations Committee, 11 are against the administration's present policy toward Vietnam.

This goes on to say:

Quite a number of important Congressmen of the ruling Democratic Party and influential political figures and newsmen have joined those who are against Johnson's Vietnam policy.

It names Senators. But why should I go on? I merely conclude by saying that everything uttered on this floor is piped from Peiping, and the island of Hainan and from Hanoi. That is what some of our soldiers are hearing, because there is nothing else to turn to. That is a great business—to be out there, 12,000

miles away from home, and then to wonder whether the folks at home appreciate the sacrifice, the bilge water, the sweat, and the stink that they go through in a tropical country, to carry the flag of their country and to create a bastion for freedom from which to fight to retrieve the independence and the well-being of a little country to whom our administration, when Eisenhower was in the Presidency, and the Kennedy administration, and the Johnson administration have pledged their support.

It would appear to me, if it served any purpose, that the Senate could well write into the bill that it is the sense of Congress or, better yet, that Congress affirms and reaffirms its support of the Commander in Chief. For what else is there to do?

I shall not offer the amendment. I merely wish to go on record for myself to say that I am going to hold up the hand of the Commander in Chief in a distressing and tragic hour in the history of this Republic, when we do not know for sure what the ultimate outcome will be.

If there is no other reason for muffled tongues and disciplined talk and spiritual restraint in this deliberative body then perhaps the thought of those who are giving their all on the altar of their country would be a restraint.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. What is before the Senate?

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Tennessee [Mr. GORE.]

Mr. GORE. Mr. President, earlier today the Senate adopted an amendment, offered by the distinguished and able senior Senator from Iowa, without a record vote and after very little debate.

I had intended to enter objection to the amendment. I have spoken to the distinguished chairman of the committee. Unfortunately he had to have lunch between 2:30 and 3, and through a series of circumstances the amendment was brought up while both the junior Senator from Arkansas and the senior Senator from Tennessee were away from the Chamber. I am sure that the amendment goes considerably farther than the distinguished author had intended. It undertakes to prohibit the guarantee of investments by the U.S. Government in certain instances. It has a good deal of merit in its thrust, but actually the result, if enacted, would be to undertake by denial of a guarantee to U.S. investors, the imposition of an obligation on foreign governments, in behalf of foreign corporations, rights which our own Constitution prohibits our own Government to grant to its own citizens.

I am sure it goes entirely too far. Moreover, the guarantee of investment by the U.S. Government goes only to U.S. business enterprises. This would give an unfair advantage to foreign corporations over U.S. concerns.

I do not wish at this late hour to discuss this matter in detail. It would take a considerable length of time. It is a very involved subject.

I hope that the distinguished chairman of the committee and the author of the amendment will indicate how seriously this amendment is to be pressed in conference. If it is to be seriously advanced, I must ask for a reconsideration.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. FULBRIGHT. The Senator has related accurately what happened. I regret that I was not present. I had intended to give notice to the Senator. It was lunch time, and I forgot about it.

It also came up while I was away from the floor, and no one else knew about our understanding.

I feel some responsibility for it. It is a very complicated subject. It grows out of a difficult situation in Africa, although this is a generalized statement, and does not specifically name the country.

I have read the memorandum which the Senator has received from the administration. It is very critical of some aspects of the amendment, although the views are sympathetic with the amendment's objectives. So am I and I believe the Senator is also. We have not had the amendment before the committee. I think it requires further refinement. All I can say is that if the Senator will leave it in I will give the administration and also the Senator from Tennessee every opportunity to discuss it.

I am not committed to it. As a matter of fact, my present feeling is that it goes too far. It certainly should be closely scrutinized. I doubt not that the House will insist that it be closely scrutinized. We could remedy the situation by deletion or by correction in conference.

Mr. GORE. What the Senator has said is very encouraging. As the Senator says, it arises out of an occurrence in a country in Africa. I became aware of the circumstances as chairman of the African Subcommittee. The country is Guinea. As I understand the amendment, it do not seek to deal with what has been done.

Mr. FULBRIGHT. No, that is not intended. I do not believe the amendment does that.

Mr. GORE. It does not deal ex post facto. The guarantee has been made in this case.

Mr. FULBRIGHT. It arises out of that situation.

Mr. GORE. The senior Senator from Iowa offered the amendment to deal with future situations.

Mr. FULBRIGHT. The Senator is correct.

Mr. GORE. May I inquire if this colloquy is agreeable to the distinguished Senator from Iowa?

Mr. HICKENLOOPER. The colloquy is satisfactory to me. I tried to make it clear at the time of the presentation of the amendment. I do not agree that the amendment goes too far. I must disagree with that statement. I do agree that the amendment should be looked

into thoroughly. The Senator from Alabama [Mr. SPARKMAN] is a cosponsor of it. He is perhaps even more interested in it than I am. He is not on the floor now. He was here a moment ago. I had hoped that he would participate in this colloquy and agree with it.

Mr. FULBRIGHT. I discussed it with him. I am sure I speak for him when I say that he does agree.

Mr. GORE. I, too, have discussed it with him.

Mr. HICKENLOOPER. A case did arise in Guinea. The American company obtained a concession in Guinea. This is its claim in relation to the consortium. The company claimed that it spent some \$25 million in a bauxite concession. Suddenly the Government of Guinea cancelled the consortium. A short time ago the AID Director proposed to give an investment guarantee to a comparatively small company in this country under a new development contract with Guinea without Guinea having settled for the expropriation or confiscation of the American property that had been invested in this venture.

I do not know the righteousness of the cause. I tried to make that statement earlier today. I think it is important. We should look into it. I agree that we should examine it carefully. We should examine it sincerely, leading up to a conference. I have no more pride of authorship on the question than has the Senator from Alabama. We collaborated in filling the amendment with the understanding that we would look into it.

Mr. GORE. With those understandings, I shall not press the motion for reconsideration.

Mr. President, I asked unanimous consent to have printed in the RECORD at this point a statement in respect to the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR GORE

The amendment proposed to be offered by Senator HICKENLOOPER to section 620(e) of the Foreign Assistance Act should be resisted on the following grounds:

(1) The amendment, by prohibiting new investment guarantees to U.S. investors in countries where assistance has been terminated under section 620(e), could be contrary to the interests of the U.S. business community and to the national interests of the United States. It is not necessarily in the U.S. interest to terminate private U.S. investment in projects unrelated to the expropriation.

(2) The amendment would indicate as the acceptable forms of arbitration as being substantively equivalent to the arbitration procedures recently proposed by the World Bank. This could introduce an unwarranted rigidity into the law. The World Bank procedures are new and many countries have some problems with this procedure. Many U.S. private investors have agreements with foreign governments which call for arbitration. These agreements should be respected. It would not engender respect for international law or for the sanctity of contracts if a foreign government were threatened with a termination of aid if it sought to invoke an arbitration clause to which the other party—the U.S. investor—had agreed.

(3) The amendment extends the Hickenlooper amendment beyond the requirements of international law. If a foreign government expropriates U.S.-owned property and

the original owner of the property has a claim for compensation against the government, the amendment prohibits the issuance of a guaranty to a subsequent U.S. investor in the project to which the property relates, even if the foreign government were fully complying with its responsibilities toward the first owner under international law. Thus if a government exercises its eminent domain authority and seizes a piece of property, an investment guaranty could not be issued to another investor in the project while compensation of the first owner was still the subject of negotiation or was in litigation. This change represents an extension of section 620(e), which requires the termination of assistance only if the foreign government fails to live up to its responsibilities to the U.S. owner under international law. Such an extension would breed contempt rather than respect for the rights of U.S. investors under international law.

(4) The amendment would place the United States in the position of requiring foreign governments to give U.S. investors remedies which the Constitution prohibits the U.S. Government from granting to its own citizens.

Under the amendment, no new guarantees could be issued or aid given for a project unless the property seized were "restored to the original claimant". Such a provision, if directed against the States of the United States—and possibly the Federal Government—would be unconstitutional. In *Galveston Wharf Co. v. Galveston*, the Supreme Court refused to give effect to an agreement exempting property from the eminent domain power on the grounds that such power was an essential attribute of sovereignty of which a government cannot divest itself.

Even without the constitutional problem, the provision would, if applied in the United States, run against the restrictive policy of courts in permitting suits for specific performance against the United States. In *Larson v. Domestic & Foreign Corp.* the Supreme Court stated the reasons for this policy: "The Government, as representative of the community as a whole, cannot be stopped in its tracks by any plaintiff who presents a disputed question of property or contract right."

(5) The amendment to section 620(e) (1) will trap unwary U.S. investors. By its nature, an investment guarantee cannot be issued until the details of the investment are determined. But, by the time that the details are firm, the U.S. investor may be committed and he relies upon the investment guarantee to protect him as soon as it is finally negotiated. This new amendment to section 620(e) (1) will leave such an investor entirely unprotected if any expropriation occurs in the country—even if the expropriation is entirely unrelated in any way to the investor's project.

(6) The amendment adding section 620 (e) (1) requires the U.S. Government to judge whether or not a claim is bona fide without having the parties before it. That is what arbitration or other procedures is for. Foreign governments will not present their case before the Department of State to ascertain whether or not a claimant has a bona fide claim (and the United States would not do the same if positions were reversed). Therefore, an impartial judgment upon the validity of the claim is difficult—if not impossible in ex parte proceedings.

(7) The impact of the new section 620 (e) (3) will be felt only by U.S. investors because U.S. investors are the only ones who may receive investment guarantees. The amendment would not discourage foreign corporations from succeeding to concessions formerly held by U.S. investors. Furthermore, the amendment would allow foreign corporations (often free of U.S. taxes) to place roadblocks in the way of American

citizens' investments. It is difficult to perceive how U.S. policy is served by alluring others to block U.S. investment.

(8) The automatic prohibition of the added provision to section 620(e) is too harsh. A corporation beneficially owned by U.S. citizens may have a minor but bona fide claim against a country for damages arising out of a properly nullified contract with a foreign country. This amendment would hinder investment by U.S. citizens in such a situation.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. FULBRIGHT. Mr. President, on the bill I yield 17 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Mr. President, I share the concern which has been so well expressed, both in the Senate and elsewhere, with the apparent indirection of the foreign aid program.

It is generally recognized that there is a need for a foreign aid program, but it should be one of limited scope and over which Congress exercises a degree of control which is lacking at the present time. The size and complexity of the foreign aid program is now such that it virtually defies the congressional and administrative safeguards which would be necessary to give it a pattern and make it successful.

There is much in the pending bill with which I find myself in direct opposition, both as to the basic idea underlying the program and the performance with which it has been administered. I have long held the view that our foreign aid program is both improperly conceived and inefficiently implemented.

For example, in fiscal year 1965, the United States has been disbursing some type of foreign aid in 99 foreign countries and 8 territories. By resorting to a method of deobligating or reobligating previously obligated funds, it is estimated that the Agency for International Development has had, during the present fiscal year, unliquidated funds both old and new, totaling \$11,027 million. These are funds which can be committed and disbursed this fiscal year for a multitude of purposes under innumerable programs.

Since the end of World War II, American aid has gone to at least 110 countries. The hard-pressed American taxpayer has provided, during that period of time, approximately \$136 billion to send to foreign countries, including the interest which has to be paid by the United States on the borrowed funds. The enormity of this program staggers the imagination.

Foreign aid began as an effort on the part of the people of the United States to help other countries help themselves. It has since lost all sense of proportion and bears not the faintest resemblance to its meager beginning. There is every reason to question the effectiveness of the program. It is true that the aid was

invaluable in assisting the Western European countries to get back on their feet. This could have been done with a minute portion of the \$136 billion which has been spent. The remainder of the money has been of questionable value insofar as protecting the free world from the encroachments of communism. Rather than having won new friends, the United States finds itself maligned and attacked in many quarters of the world.

Unfortunately, it has become a common occurrence for the United States' maintained and operated libraries or embassies to be stoned, sacked, or burned, in foreign countries. This has occurred in countries which have been the recipient of generous amounts of U.S. taxpayers' money. Instances such as these have convinced the American public of the futility of the constant attempts to buy friends with aid dollars.

Not only has the stated purpose of the foreign aid program failed to materialize, but there have been further disastrous results directly flowing from the disbursement of such enormous amounts of aid money. No one will question the fact that the adverse balance-of-payments situation can be substantially attributed to the outlay of foreign aid. It would have been considerably worse had not the development assistance program been tied to 85 percent American purchases. Even with these restrictions, however, such enormous outlays of foreign aid have had a telling adverse impact on the balance of payments. This one factor alone should be enough to cause an immediate reevaluation of the foreign aid policy.

Mr. President, it is the duty and the responsibility of Congress to establish clear policy guidelines for the extension of American foreign aid to foreign countries. In this responsibility, Congress has failed. It is constantly asserted that the conduct of foreign relations lies within the sole purview of the President and the executive branch of the Government. To a considerable extent, this is true; however, the Constitution assigns to the Congress the responsibility for authorizing and appropriating funds from the Treasury of the United States. Thus, we have a dual responsibility of the legislative branch and the executive branch, in connection with foreign aid, and it is past time that Congress asserted its authority to the maximum. Congress cannot continue to give the executive branch a blank check and presume to be discharging its duties and responsibilities under the Constitution.

The aid program has reached the point where recipient nations all too often consider it the moral and legal duty of the United States and other developed nations to furnish them aid. This attitude should be dispelled. The United States owes no moral obligations to furnish aid to developing nations. The recipient countries are privileged to receive aid only to the extent that the U.S. Congress determines it necessary, and they do not receive such aid as a right to which they are unconditionally entitled.

Positive guidelines and standards should be set by Congress, and the lack

of these is the fault of Congress. The failure of foreign aid to return to the American people results commensurate with the expenditures involved is largely attributable to congressional laxity.

It is somewhat encouraging to note that the Foreign Relations Committee has reported S. 1837 with the understanding that at the end of 2 years, the program in its present form will be terminated. This is long overdue and enthusiastically welcomed. Nevertheless, it is necessary to raise some danger signal as to the future direction of the foreign aid program.

The tendency in recent years has been toward a shift from the bilateral approach to a multilateral approach. This causes me a great deal of concern, because I think that it would be a step backward rather than a progressive step into the future.

Some improvements have been brought about in the foreign aid program, particularly in recent years, in the way of policy guidelines and standards. These have invariably been the result of congressional action and most, if not all of them, have been vigorously opposed by administration spokesmen.

The adoption of a multilateral approach in the foreign aid program would mean the circumvention of the carefully considered congressional controls and limitations which are now contained in the Foreign Assistance Act. The limitations which I have in mind are, among others: the Hickenlooper amendment, which has proved to be a successful deterrent to expropriation of U.S. property in foreign countries; the safeguards calling for 85 percent American purchases under the Development Loan Fund; the restrictions calling for the use of American ships; the restrictions on aid to Cuba, Poland, Yugoslavia, the United Arab Republic, Indonesia, and other countries; the restrictions on giving aid to other countries shipping goods to Cuba; the restrictions on aiding businesses abroad that ship goods into the United States in direct competition with our own businesses; and the restrictions preventing aid to economically developed countries.

All of these controls and limitations would be bypassed to the extent that a multilateral approach to foreign aid is substituted for the present bilateral approach. The Congress of the United States would no longer have the opportunity to investigate individual grants or loans, or to have an effective voice in the expenditure of American taxpayers' funds. In fact, no branch of the U.S. Government would have the opportunity to oversee the use of taxpayers' money.

One of the primary arguments advanced in favor of the multilateral approach is that it would prevent the resentment and hostility among the people assisted which is so prevalent at the present time under the bilateral foreign aid program. I fail to see where the adoption of a multilateral program would remedy this situation. Perhaps it would be better to withhold the aid from the countries which display such a distrust of our intentions.

If the United States is to continue assisting undeveloped nations and nations which need our financial assistance, then I believe it is much better to do it directly rather than circuitously through a multilateral agreement.

By directly granting aid, the United States can pinpoint the recipients and receive whatever amount of credit is forthcoming from the recipient country.

I regret that the amendment offered by the distinguished Senator from Alaska [Mr. GRUENING] was defeated. This amendment would have removed the policy statement calling for increased multilateral endeavors in foreign aid in the future, as well as eliminating the increased amount of development loan funds to be funneled through the International Development Association, the International Bank for Reconstruction and Development, and the International Financial Corporation. I was very happy to support this amendment, and I consider it crucial to the pending bill.

I think that it would be a mistake on the part of the United States to adopt a multilateral approach to foreign aid. I am in hopes that the reevaluation of the program called for in the present bill will not suggest such an approach.

Mr. President, the United States has, over the years, been more than generous to the peoples of the world. Our money has been instrumental in rebuilding Western Europe after the Second World War and in assisting the development of the so-called newly emerging nations. It is long past time that Congress show the same amount of generosity and thoughtfulness to the American taxpayer that has so consistently been shown to the other peoples of the world.

Mr. MORSE. Mr. President, will the Senator yield 3 minutes to me?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Oregon on the bill.

Mr. MORSE. I am sorry that the Senator from Illinois [Mr. DIRKSEN] has left the Chamber. I assure the Senator I shall tell him personally what I shall now say on the floor of the Senate. I shall not take any great length of time to answer him now; I shall answer him after the vote on the bill.

I am exceedingly sorry that the Senator from Illinois did not see fit to offer the amendment that he thought about offering calling for an additional vote of confidence being written in the bill for the U.S. undeclared war in Asia.

I wish to say to the Senator from Illinois that I shall never be a party to the Communist technique which, in my judgment, would be the very proposal that the Senator apparently was speaking in support of when he was apparently protesting protests in the United States against a Government policy.

Short of a declaration of war, here is one U.S. Senator who will continue protesting the killing of American boys in an undeclared war in Asia. I have the same concern for those boys as has the Senator from Illinois. We should either proceed to get this war on a legal basis or we should bring those boys into a situation where others will

be over there joining them in helping to keep the peace in Asia rather than making war.

But, before the vote is cast on the bill, I wish to protest the rising tide within this administration that apparently desires to impose a censorship and a muzzlement on the news as to what the administration is up to in regard to conducting this shocking war in Asia. I completely repudiate every implication of the Senator from Illinois in regard to his apparently taking exception to those of us who protest. He will hear more protests from more people in this country if the Johnson administration continues to march down the road toward what, by 1968, will be its complete repudiation by the overwhelming majority of the American people.

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from California.

Mr. MURPHY. Mr. President, the American people are the most generous people on the face of the globe. But neither their patience nor their resources are endless. Constituents during my campaign told me in no uncertain terms that they were tired of carrying the burdens of the world. This was particularly true when repeatedly the generous funds that flowed from our shores only resulted in daily newspaper reports of abusive remarks and belligerent demonstrations against the American people.

I told my constituents that I believed that the foreign aid program should be substantially reduced. Time and time again blue ribbon committees of the Congress have disclosed widespread waste in the foreign aid program. I do not feel that substantial reductions were realized.

I am, however, not opposed to foreign aid. The original purpose of the foreign aid program to rescue those nations from the destruction and despair of the aftermath of World War II and place them on a strong economic footing was most meritorious. In many cases the record shows the results of our efforts were remarkably successful. Although in passing, I would like to say that the memory of some of the recipients of U.S. assistance has been all too short. For even in these perilous times, some countries seem to delight in magnifying the difficulties of our country. It is clear, however, that the original purpose of the foreign aid program has generally been realized. Europe enjoys unprecedented prosperity. Japan's recovery has been remarkable. If we were to continue the foreign assistance program, it seems imperative to me that those nations which now are prosperous should also extend a helping hand to the other nations of the world. We cannot do it alone, and yet that is the case today.

Mr. President, like the chairman of the Foreign Relations Committee, I would have hoped that the military and economic provisions of the foreign aid program would have been separated. In today's troubled times, I realize that military support is vital and I strongly sup-

port this segment of the foreign aid program.

An added reason for my opposition is the provision extending the foreign aid program for a period of 2 years. Since first coming to Washington, I have observed a tendency on the part of Congress to abdicate its responsibilities to the executive branch. Most of the desirable policy changes have resulted from congressional action. The important so-called Hickenlooper amendment comes readily to mind. Where in today's world, events happen so rapidly, I strongly feel that the Congress should retain its annual review of the foreign aid program.

Mr. President, there are those in this Chamber who are most alarmed with the rising national debt and with our persistent balance-of-payments problem. The foreign aid program certainly contributes to these pressing problems.

The Congress has made changes in the foreign aid program with which I am in complete agreement. I am most pleased that it was decided to terminate the foreign aid program as it is presently constituted at the end of 2 years. Thereafter the Congress, after receiving the recommendations of the named committee, will be able to reshape a program that will more realistically reflect the needs of our Nation and the needs of other nations.

Mr. President, I would have liked to have been able to support this program. If some of the defects had been corrected, I would have done so. I am hopeful that the special committee established by this bill will make recommendations that will enable me to support the bill in the future. Consistent with my campaign pledge and the dictates of my conscience, I cannot support the measure in its present form.

Mr. COOPER. Mr. President, will the Senator yield 2 minutes to me?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Kentucky.

Mr. COOPER. I wish to direct a question to the chairman with regard to section 214 (c) of the bill, which authorizes the sum of \$9 million to be used for financial assistance to hospitals and schools overseas. I understand that AID in its presentation to the Foreign Relations Committee indicated various institutions which have made applications for funds under this section, but that AID had indicated that applications would be considered on their merits before approval. I have received inquiries chiefly from Methodists in this country regarding the application of Ludhiana Christian Medical College and Hospital in Kooth, India, for \$450,000. I have consulted with officials of AID and I am informed that the application will be considered on its merits for the approval of funds.

Ludhiana Christian Medical College is located in one of India's fastest growing industrial centers. The Ludhiana hospital-school is known throughout that country as one of its finest institutions, and its service, which is associated with America, has won many friends in India for our people. Those able to pay seek care at Ludhiana because of its outstand-

ing service, while the poor come in large numbers, knowing they will not be turned away if they cannot afford the fees.

An outstanding teaching staff lectures and demonstrates the latest medical knowledge to over 200 medical and 184 nursing students in this hospital-school. Ludhiana has been one of the most important sources for teaching staffs of the 65 new medical schools that have been built in India since 1947. As the only medical school in the country which offers a rural and community health program, it performs a vital service in a land desperately in need of rural health services. At present there is one doctor for every 6,000 people in India; only 15 percent of these physicians practice in the rural areas—where 85 percent of the population live.

All but 6 percent of the Ludhiana hospital's beds are in wards, and only 45 percent of the ward patients are able to pay the daily fee of \$2.70. But no patient is refused emergency treatment or hospitalization because of his economic or social status, his race or religion. The staff and graduates of Ludhiana are also known for their profound commitment to improvement of preventive medicine in India. Ten physicians answered the Minister of Health's call last year for members of the profession to fill positions in leprosy communities—all were graduates either of the Ludhiana Christian Medical College or the Vellore Christian Medical College.

Hundreds of people have helped create this spirit of dedication, but I think it fair to say that much of the inspiration and support of Ludhiana's high-quality service is due to the efforts of a Kentuckian, Bishop J. W. Pickett. Often called the best known medico in the land, Bishop Pickett was a close personal friend of both Nehru and Gandhi, and these two great leaders thought highly of his work at Ludhiana.

The supporters, staff, patients, and board of governors of Ludhiana are widely representative of different nationalities and faiths. While the institution is associated with Christian principles in name and practice, it is truly interdenominational, being staffed and administered by followers of all the world's great religions and of many sects. The hospital and medical college's financial support comes primarily from international and domestic contributions, 28 percent of which are American.

Since 1957, Ludhiana has been upgraded academically and professionally, but its facilities and equipment remain for the most part pitifully inadequate and substandard. Some of the buildings are near collapse, and wasteful stop-gap repair work has been necessary in lieu of sufficient funds to continue the institution's \$9 million construction program. I hope that the application for funds for construction of a new wing by the Ludhiana Christian Medical College and Hospital will be approved by AID.

I should ask the distinguished chairman of the committee, the Senator in charge of the bill, for an interpretation of section 214(c). Is it his view, assuming that Ludhiana Christian Medical

College can convince AID of the merits of the application, which I believe it can do, that it will be eligible for approval and for allocation of the \$450,000 or such sum as AID might find adequate?

Mr. FULBRIGHT. They certainly might apply. I believe the Senator said they had applied. The application will be examined on its merits, even as to the \$2 million that was added that is not earmarked for the projects which were suggested. It is more, I believe, than even they might require.

But the college will have a fair opportunity to make its case on the merits. If it does so, I see no reason why the college would not be eligible.

Mr. COOPER. Mr. President, will the Senator yield for one additional question?

Mr. MORSE. Mr. President, will the Senator permit me to ask for the yeas and nays on the passage of the bill?

Mr. FULBRIGHT. I yield for that purpose.

Mr. MORSE. I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, part IV of the bill before us would terminate the present Foreign Assistance Act in 1967 and establishes a new committee to study the subject and make recommendations to the President along guidelines prescribed in the bill. The committee and its chairman, Senator FULBRIGHT, and particularly Senator MORSE, deserve great credit for taking this initiative.

The establishment of this committee indicates a recognition by Congress that our foreign aid program must be reassessed, that new decisions and action to make it an effective program must be taken by our country and recipient countries if the foreign aid program is to continue. I hope that this committee will lay down the conditions upon which an effective program may be constructed.

I do not believe the foreign aid program will end. While I have learned that it cannot give assurance that every country we assist will be able to resist Communist subversion, it does provide assistance and encouragement to countries seeking economic development, higher standards of living, and true independence. These aims are just, human, and are in accord with our objectives, and a world system of law and order. We must continue to make this effort as one instrument of our foreign policy. I believe progress has been made and that the present Administrator, David Bell, is to be commended for his effective leadership. If the foreign aid program fails, it will do so because our country, the executive branch, and the Congress, will not take the hard, patient steps to make it as effective as is humanly possible. This, I understand, is the purpose of part IV.

These objectives were those I sought in the amendment that I proposed in 1962 and 1963 and which was adopted by the Senate in 1963. That amendment called upon the President to appoint a committee to evaluate the effectiveness of our foreign aid in each recipient country on a country-by-country basis.

In full response to this amendment as it appeared in the final bill, the President last March appointed a distinguished committee of 14, headed by President James A. Perkins of Cornell. It is called the General Advisory Committee on Foreign Aid Programs. Its membership includes: Mr. Dwayne O. Andreas, Mr. Eugene R. Black, Mr. Everett N. Case, Dr. Luther H. Foster, Mr. John W. Gardner, Gen. Alfred M. Gruenther, Dr. J. George Harrar, Mr. William R. Hewlett, Mr. Sol M. Linowitz, Prof. Edward S. Mason, Mr. George Meany, Dr. Franklin D. Murphy, Mr. Arthur K. Watson.

I have been informed by the Chairman and other members of the Committee that the General Advisory Committee on Foreign Aid Programs will, among its other duties, make country-by-country evaluations. Such evaluations of the effectiveness of AID projects in recipient countries are crucial. It is the only way, as I see it, that the good programs can be maintained and the bad ones eliminated or corrected.

I hope the Committee established by the bill will refer to the language of my concurrent resolution adopted by the Congress in 1963 in carrying out its studies, for they supplement the guidelines of the pending bill—and I believe, in their field are more specific.

The conditions of the resolution are:

1. Whether the recipient country: (a) has a practical national development program which affords a reasonable expectation that the objectives of such program will be attained, taking into consideration the human and natural resources and capabilities of the country, (b) is providing the maximum amount of self-help within its capabilities, and (c) has adopted the fiscal, administrative, and social reforms necessary to the success of such program;

2. Whether the specific projects to which U.S. aid is allocated will contribute materially to the fulfillment of the primary needs of the recipient country's development program, and to the purpose of the United States to assist in raising the standards of living of the people of the country.

The findings of this presidential committee, as they evaluate country programs, will undoubtedly be of great value. I hope that some arrangement can be worked out whereby cooperation can be achieved with the Foreign Aid Planning Committee proposed under S. 1837.

I would like to make some other recommendations to AID and to these two committees. I believe that the administration's recommendation that greater emphasis be placed on multilateral aid through the World Bank, the International Development Association, and the Inter-American Bank—to all of which we contribute—reflects the growing recognition that these professional organizations can make more objective judgments on the value of specific projects, and require self-help and reform on the part of recipient countries than can our Agency for International Development.

I want to recommend further, as I have in past years, that AID arrange consultations with the experts of the international lending organizations in connection with recipient countries' economic plans and certainly major develop-

ment programs for which help is requested in order to better determine the long-term value and the feasibility of such proposals.

I believe that placing emphasis on multilateral aid has the dual purpose of making aid more effective and of providing aid on merit instead of trying to win friends with money. We will probably always give some aid because of political considerations, but I believe in the long run the best thing politically for the United States would be that our aid accomplish its main purpose—to strengthen countries and enable them to be independent. If they value and believe in their independence, they will not succumb easily to any Communist country.

We have the right to insist that our aid be used properly, and that our country's efforts in the field be treated with respect. My country has maintained a continuing interest in the aspirations of the developing nations—which I believe has not been matched in the world. But irresponsible leaders in other countries cannot misuse our aid to the detriment of the United States and their own people. There are ways in which it has been misused, by wasting our assistance, and by diverting it from economic development to aggressive purposes against other countries. Our program ought to be developed in such a way that it would be understood that we will withhold our assistance to such countries and from those who do not observe decent international standards in their relations with us.

I have been concerned lest we lose control of our honorable and helpful program of foreign assistance. Some countries expect it as a matter of right and if we suggest that their programs are not effective, they charge that we are placing "strings" on our aid, or interfering with their sovereign rights. We should say to them that we do not want to interfere with their sovereign rights but, on the other hand, our aid is provided by the hard-won earnings of our people and we cannot afford to provide their aid unless it will be used properly to achieve their economic development.

The leaders of some countries to which we have provided aid imply that some type of retaliation will be used against us if we should stop aid. This is the worst situation of losing control of our own foreign aid program. Others imply that they will seek aid from the Communist countries if we do not meet all of their demands. I think we should say to them, "Secure all the help you can from other countries, but our decisions will be made on our own judgments."

I have argued in the past and recommended to the President that excepting the aid furnished under the Alliance for Progress, the best way to regain control of our aid program would be to discontinue aid for a year or for such time as may be needed to reassess and revise the entire program. This would be fair to all countries, it could not be charged that we were making political decisions against specific countries, and most important, it would bring notice to countries we aid that they must formulate plans to achieve a better economic pro-

gram and one which will reach their people.

As my recommendation to stop the program for a year was not approved, then the reassessment now required from the President's committee and by this bill is the best alternative.

I earnestly hope that the bill that we pass and the debate which we have had will produce a more effective foreign aid program, one that will be effective in the countries we assist, and in harmony with the fundamental and dearly held objectives of our own country.

ALLIANCE FOR PROGRESS

Mr. President, some time ago, I asked the Administrator for International Development to supply me with concrete facts concerning the success of the Alliance for Progress, announced by President Kennedy in March 1961.

The report is very encouraging, and I ask that this report be printed in the body of the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

ACCOMPLISHMENTS OF THE ALLIANCE FOR PROGRESS

The concrete physical accomplishments of the Alliance for Progress that I have to relate are most impressive.

The Alliance is not principally an aid program. Its charter has as its cornerstone the principle that the vital task of achieving economic and social progress for Latin America is the responsibility of the Latins themselves. Our aid can provide a catalyst, an encouragement, the margin of necessary foreign exchange and capital, but only deep and complete Latin commitment can in the end perform the task of moving this great effort forward.

It is encouraging that more and more, the Latins are starting to take the hard steps necessary to create institutions that will bring about opportunity and stability.

I know that statistics are not conclusive but nevertheless they are significant.

By July 1962, 57,000 houses had been built with U.S. assistance, by July of this year, there will be approximately 327,000.

Between July 1961, and July 1963, 8,136 classrooms were constructed. During this year alone 11,300 are being constructed and by July 1966, a total of 38,490 will have been built, providing facilities for one and a half million children.

By July 1963, 3,230,000 textbooks had been produced in Latin America with United States assistance. By this summer, 2 years later, almost 12 million will have been made available to the school children of the continent.

By the end of fiscal 1963, 392 water systems had been constructed. By July 1966, there will be over 2,500 systems and 27.2 million people will have been benefited.

Today there are more than 23 times the number of savers in savings and loan associations than there were 4 years ago. Savings have increased from \$1½ to \$59 million. Nine countries now have savings and loan legislation. Eight of these countries now have active programs. The number of new homes financed through these savings and loan associations alone has jumped from 417 in 1961 to 24,810 in 1964.

Today, 15 countries have self-help housing programs.

Since 1963 the number of credit unions established has doubled. Membership has risen from 192,000 to over 500,000. Savings have increased from \$7.6 million in July 1963 to an estimated \$18 million by this summer with \$25 million expected by July 1966.

Ten countries have submitted development plans for review by the OAS. Almost twice the number received just 2 years ago.

Over 6,000 miles of road will have been built by July 1965.

Nearly 300,000 agricultural credit loans will have been extended.

Over 12 million school children are participating in school lunch programs. This is over three times the number 2½ years ago.

More than 75,000 teachers will have been trained.

No reform is politically and socially more difficult than tax reform. Nobody likes to pay more taxes. It took us over 2 years merely to determine to lower our taxes. Yet in Latin America significant advances have been made. Nine countries have undertaken major tax reforms, while three others have comprehensive administrative programs. In fourteen countries U.S. Internal Revenue Service teams are working with host governments on tax reform.

Increases in tax collections all over Latin America are most impressive. From 1962 to 1964 Mexico increased its tax collections by 20 percent. In Brazil tax collections increased 14 percent. Administrative improvements in Panama should increase tax revenues by some 8.10 percent in 1965. In Guatemala 1964 tax revenue was roughly 12 percent greater than in 1962. In Nicaragua the 1964 change was almost 30 percent. From 1960 to 1963 income tax revenues in Latin America increased \$288 million from \$2,357,000,000 to \$2,645,000,000.

The nature of the change that is taking place is illustrated in the case of Ecuador, a country which has insisted upon paying for the technical help in tax administration which it receives from the United States. A five-man U.S. Internal Revenue Service team has been in operation in this country for almost 1 year. Before that time a taxpayer could underdeclare or falsely his tax return while confidently assuming that his evasion would remain undetected. This situation is changing. In the past few months some 200 Ecuadoran tax auditors have received intensive training through AID-Internal Revenue Service advisers. The Tax Department is now prepared to examine tax returns in detail. As a result, substantial additional tax revenue is expected in Ecuador.

In 13 countries private or public development banks have been established or are in the process of being established.

In 1961 the nations of Latin America pledged at Punta del Este, Uruguay that the Alliance would be a cooperative effort. Furthering this pledge, in 1964 a new Committee for the Alliance for Progress, CIAP, was formed, headed by Carlos Sanz de Santa Maria of Colombia. The creation of CIAP helps shift the burden of urging self-help and reform to the Latins themselves. For CIAP sits in judgment on the efforts of the members of the Alliance, conducting annual reviews of self-help measures of each of the Alliance members. No longer is the United States alone urging self-help and reform. Latin Americans share the responsibility for the review and encouragement of each others efforts.

In addition to its review function, CIAP guides and promotes the flow of free world assistance to Latin America.

Life magazine recently commented on CIAP:

"Helpful too is the changing nature of the Alliance for Progress itself. No longer a one-way channel of U.S. handouts, the whole program and its management have been increasingly Latinized." The Latin leaders now realize, and are showing, that the way to 'emerge' is to take the chief responsibility for growth into their own hands."

One of the greatest achievements of the Alliance is the Central American common market. Realizing the benefits of a more closely integrated economic effort, the nations of Central America signed treaties in 1960

eliminating 95 percent of the tariff barriers between them. A schedule was also agreed to whereby all tariffs would be eliminated by June 1966.

Trade within Central America has increased from \$30 million in 1960 to over \$65 million in 1963.

This undertaking has extended beyond trade alone. Recently these countries agreed to the establishment of a Fund for Economic Integration.

The member countries created a Central American Bank for Economic Integration. This bank has extended loans of \$18 million to foster private sector development which has included the initiation or expansion of some 63 manufacturing enterprises.

Another example of joint cooperative effort by these nations is the undertaking of a program to create a regional university system with uniform scholastic standards.

Other nations are contributing more to the success of the alliance. From 1961 to 1964 Europe doubled its annual contribution to the alliance while moving toward softer aid terms. Last January, Germany signed an agreement to lend Peru \$20 million at 3 percent interest. In December, the Canadian Government agreed to make \$10 million available to the Inter-American Development Bank for lending to Latin America with up to 50-year repayment time at three-fourths of 1 percent interest.

In 1964, the Adeia Investment Co. was formed. One hundred and twenty-one companies in 15 countries have subscribed to shares. By January 1965, paid-in capital was already \$31 million. As of February \$10 million had been made available by Adeia for intermediate financing in Latin America.

Preliminary figures indicated that U.S. investment in Latin America in 1964 was \$145 million, over twice the 1963 total of \$64 million.

The Alliance is a great deal more than a government-to-government program. On the one hand our public funds are used to provide the catalyst for the efforts of Latin American countries to help themselves, efforts which range up and down the line from a major road built by the Brazilian Army Engineers to seed capital for a central credit union required before an individual farmer can obtain a loan to start his own farm.

On the other, thousands of private citizens in the United States are contributing their own time and efforts to make the Alliance a success. Over 3,000 Peace Corps volunteers are working in Latin America. A vital task is being carried on by American voluntary agencies. CARE and Catholic Relief Services and many smaller agencies are distributing surplus agricultural products not only for relief but as part of food-for-work programs aimed at promoting long-term development. The Ford, Rockefeller and Kellogg as well as many smaller foundations are providing technical assistance to Latin America.

Because the Alliance for Progress is for the people, because of its depth and breadth, it is one of the most difficult programs ever to be launched. For the same reason, it is one of the noblest and most important. The evidence of progress proves that the Alliance, originally criticized by many as an idealist's dream, is becoming a reality for Latin Americans, a goal toward which a continent is moving. The path is long, and the road is not easy, but a good beginning has been made.

SECRETARY DILLON

Mr. COOPER. Mr. President, I do not see the distinguished Senator from Ohio present. I think he knows the regard in which I hold him. He is a man of conviction and a man of great courage. I agree with him that Mr. Martin made a needed and salutary speech; I hope that what he said is not true, but it might be true. While we might disagree

with the policies of the former Secretary of the Treasury, from my long association in several administrations with him, I must say that I have found him to be a man of great courage, loyalty and patriotism. He would not run away from a job.

Mr. JAVITS. Mr. President, if the Senator will yield, I should like to join in the statement of the Senator from Kentucky [Mr. COOPER] about Douglas Dillon, whom I have known for years. I should like to stand with my colleague.

Mr. FULBRIGHT. I join the Senator in that statement. I thoroughly approve.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, the bill would amend section 620 of the act in relation to the "Sabbatino" amendment. I ask unanimous consent that a statement with reference to my interpretation of the amendment which would amend section 620 be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

"RULE OF LAW OR 'SABBATINO' AMENDMENT TO SECTION 620"—STATEMENT BY SENATOR HICKENLOOPER

Last year this committee added an amendment to section 620(e) of the act designed to provide additional protection to U.S. private investment abroad. Since the House Foreign Affairs Committee had not had an opportunity to consider the matter, a proviso was inserted at conference to insure that there could be further consideration before the amendment was made applicable to proceedings commenced after January 1, 1966. This year the Senate committee has again decided to recommend permanent extension of the amendment and deletion of the January 1, 1966 cutoff date.

This amendment, known as the "Rule of Law" or "Sabbatino" amendment makes clear that courts in the United States, both State and Federal, are to be free in cases properly before them and involving expropriations by foreign states to enforce principles of international law, including the traditional requirement for prompt, adequate and effective compensation. By insuring that the United States cannot become a "thieves' market" for the product of illegally expropriated foreign investments, the amendment will improve the climate for such investment and give the owners of such investment greater bargaining strength to get just compensation if they are expropriated.

The amendment was made necessary by an unprecedented application of the "act of state" doctrine by the Supreme Court in the Sabbatino case (376 U.S. 398 (1964)) to the effect that our courts may not consider the legality of acts of foreign states even where violations of customary international law are involved. Since the Supreme Court had expressly held that its application of the "act of state" rule was neither required by international law nor by any provision of the U.S. Constitution, and was a Federal matter to be handled as the "political branches" of the Government prefer, its decision laid a clear basis for the legislation. The result of the amendment is to bring the United States back into line with the judicial practice of the other major commercial jurisdictions of the world.

The amendment applies to any case pending at the time of its original enactment (Oct. 7, 1964) or brought since then, involving takings since January 1, 1959, the date Castro came to power. The amendment

is so worded that it applies no matter what party to a suit (plaintiff, defendant, third party) invokes the act of state doctrine to prevent an examination of a claim of title or right to property based upon or traced through an expropriation in violation of international law.

A clarifying insertion of the words "to property" has been made at two points in the amendment to confirm that the provision prevents the act of state doctrine from being a bar to judgment on the merits only where the party seeking to use the doctrine has gained a claim of title or right to property, intangible as well as tangible, through a taking in violation of international law. The amendment does not and is not intended to prevent banks, insurance companies or other financial institutions from using the act of state doctrine as a defense to multiple liability upon any contract or deposit or policy of insurance in any case where such liability has been taken over or expropriated by a foreign state. In such cases, it is the intent of the Congress that any defenses otherwise available to such banking, financial, or insurance institution continue to be available to them.

American financial interests continue to be protected against the threat of multiple liability which is inherent in the expropriation of their establishments abroad. For example, the bill is not intended to, and it does not, impair the right of any American bank, insurance company, or other financial institution, to assert as a complete defense to any claim that the home office is liable in respect of a deposit maintained at a foreign branch (or an insurance policy written by and payable at a foreign branch or other contractual liability having its situs at an establishment abroad), the fact that the foreign establishment was expropriated and the liability in question transferred or satisfied in accordance with the applicable foreign law. It is well established that bank deposits, insurance policies, and other contracts made and to be performed in a foreign country, are subject to the laws of that country and, in a suit between private litigants, the obligor who is prevented by such foreign law from performing his contract is excused as in any other case of force majeure. The bill does not impair the force of such defenses.

The bill expressly provides that it has no application to cases in which no violation of international law principles, including the principles set out in subsection 620(e)(1), is found. Thus, our courts are protected from an influx of claims by persons who were nationals of the foreign state at the time such state took the action which is challenged.

The reference in the amendment to "principles of international law, including the principles of compensation and the other standards set out in this subsection" is intended to guide the courts in construing the references to "international law" in the amendment. The reference is intended (a) to incorporate the earlier reference in section 620(e)(1) of the act to "Speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof" as a more precise definition of the "prompt, adequate, and effective" international law standard of compensation and (b) to incorporate the rule that repudiation or nullification of contracts or agreements between a government, government agency, or governmental subdivision, and a non-national is to be treated as a violation of international law. This reference does not incorporate the purely technical provisions inserted by Congress in section 620(e)(1) to guide the executive branch in decisions about cutting off the foreign aid program to countries that expropriate U.S. property (i.e., the limitation to those U.S. business interests owned 50 percent or more by U.S.

citizens, the requirement that "appropriate steps" be taken within 6 months and the provision for valuation by the Foreign Claims Settlement Commission).

Mr. CASE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from New Jersey 30 seconds.

Mr. CASE. Mr. President, several Senators have made comments on the remarks of the Senator from Ohio in regard to Secretary Dillon. I do not need to expand upon the remarks made except to join them fully. Knowing the Senator from Ohio, I know that his emotional nature and his excessive zeal for the cause to which he was addressing himself led him into an excessive statement about the Secretary which he would not repeat, I am sure. It has no basis in fact. The Secretary is one of the great public servants of our time and, as his Senator and friend, I am happy to say so.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 7750, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I move to strike out all after the enacting clause of H.R. 7750 and to substitute therefor the text of S. 1837, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 7750) was read the third time.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the passage of H.R. 7750.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time on the bill.

Mr. DIRKSEN. I yield back the remainder of my time on the bill.

The PRESIDING OFFICER. All time has been yielded back. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. On this vote, I have a pair with the Senator from Vir-

ginia [Mr. BYRD]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote. The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. McGEE], the Senator from Maine [Mr. MUSKIE], the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH], are absent on official business.

I further announce that the Senator from Rhode Island [Mr. PELL] and the Senator from Oregon [Mrs. NEUBERGER] are necessarily absent.

I further announce that, if present and voting the Senator from Texas [Mr. YARBOROUGH] would vote "yea."

On this vote, the Senator from Wyoming [Mr. McGEE] is paired with the Senator from Georgia [Mr. TALMADGE].

If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Georgia would vote "nay."

On this vote the Senator from Rhode Island [Mr. PELL] is paired with the Senator from Georgia [Mr. RUSSELL].

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Georgia would vote "nay."

On this vote, the Senator from Maine [Mr. MUSKIE] is paired with the Senator from California [Mr. MURPHY].

If present and voting, the Senator from Maine would vote "yea" and the Senator from California would vote "nay."

Mr. KUCHEL. I announce that the Senator from Texas [Mr. TOWER] is necessarily absent.

The Senator from Hawaii [Mr. FONG] and the Senator from California [Mr. MURPHY] are absent on official business.

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Texas [Mr. TOWER]. If present and voting, the Senator from Hawaii would vote "yea" and the Senator from Texas would vote "nay."

On this vote, the Senator from California [Mr. MURPHY] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from California would vote "nay" and the Senator from Maine would vote "yea."

The result was announced—yeas 68, nays 20, as follows:

[No. 131 Leg.]

YEAS—68

Aiken	Harris	Mondale
Allott	Hart	Monroney
Anderson	Hartke	Montoya
Bartlett	Hayden	Morton
Bass	Hickenlooper	Moss
Bayh	Hill	Mundt
Boggs	Holland	Nelson
Brewster	Inouye	Pastore
Burdick	Jackson	Pearson
Byrd, W. Va.	Javits	Prouty
Cannon	Kennedy, Mass.	Proxmire
Carlson	Kennedy, N.Y.	Randolph
Case	Kuchel	Ribicoff
Church	Lausche	Saltonstall
Clark	Long, Mo.	Scott
Cooper	Long, La.	Smathers
Dirksen	Magnuson	Smith
Dodd	McCarthy	Sparkman
Dominick	McGovern	Symington
Douglas	McIntyre	Tydings
Fulbright	McNamara	Williams, N.J.
Gore	Metcalf	Young, Ohio
Gruening	Miller	

NAYS—20

Bennett	Fannin	Russell, S.C.
Bible	Hruska	Simpson
Cotton	Jordan, N.C.	Stennis
Curtis	Jordan, Idaho	Thurmond
Eastland	McClellan	Williams, Del.
Ellender	Morse	Young, N. Dak.
Ervin	Robertson	

NOT VOTING—12

Byrd, Va.	Murphy	Russell, Ga.
Fong	Muskie	Talmadge
Mansfield	Neuberger	Tower
McGee	Pell	Yarborough

So the bill (H.R. 7750) was passed.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I ask that Senate bill 1837 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 1837 is indefinitely postponed.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist upon its amendments to H.R. 7750 and request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. RUSSELL of South Carolina in the chair) appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. MANSFIELD, Mr. MORSE, Mr. HICKENLOOPER, Mr. AIKEN, and Mr. CARLSON conferees on the part of the Senate.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed with the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, just a word in conclusion. I thank the Senate for its prompt action. I believe this is the earliest and most expeditious action that the Senate has taken on a foreign aid bill in many years. The Senate voted extremely well. I appreciate the cooperation I have received. I thank the staff for its excellent work in the preparation and handling of the bill.

Mr. MANSFIELD. Mr. President, I join the distinguished chairman of the Committee on Foreign Relations in the approval he has just given, on such a wholesale basis. It is well-deserved tribute. None deserves credit more than the distinguished chairman of the committee who, as we all know, was not too eager to handle the bill this year.

We are also indebted to the distinguished senior Senator from Oregon who cooperated very closely in the consideration of this bill, and who advanced the idea that a time limitation might be worthy of consideration. I express my thanks to the senior Senator from Oregon for the courtesy, kindness, and consideration which he has shown.

Mr. MORSE. Mr. President, I thank the Senator.

ESTABLISHMENT OF A TERCENTENARY COMMISSION TO COMMEMORATE THE ADVENT AND HISTORY OF FATHER JACQUES MARQUETTE IN NORTH AMERICA

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 300, Senate Joint Resolution 53.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S.J. Res. 53) to establish a Tercentenary Commission To Commemorate the Advent and History of Father Jacques Marquette in North America, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (S.J. Res. 53) to establish a Tercentenary Commission To Commemorate the Advent and History of Father Jacques Marquette in North America, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with an amendment at the top of page 5, to strike out "Sec. 5. There are authorized to be appropriated such sums as may be necessary" and insert "Sec. 5. There is authorized to be appropriated an amount not to exceed the sum of \$10,000"; so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is established a commission to be known as the Father Marquette Tercentenary Commission, which shall be composed of twelve members as follows:

- (1) Four Members of the Senate to be appointed by the President of the Senate;
- (2) Four Members of the House of Representatives to be appointed by the Speaker of the House of Representatives; and
- (3) Four members to be appointed by the President of the United States.

(b) The President shall, at the time of appointment, designate one of the members appointed by him to serve as Chairman and executive officer. The members of the Commission shall receive no salary by reason of their services as members, but the executive officer may reimburse them for reasonable and necessary expenses incurred by them in conducting Commission business.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

SEC. 2. The functions of the Commission shall be to develop and execute suitable plans for the celebration of the three hundredth anniversary of the advent and subsequent history of Father Jacques Marquette, who came to New France in 1666. In conjunction with the development of such plans, the Commission shall investigate, in cooperation with the Secretary of the Interior, the desirability and suitability of establishing a permanent national monument or memorial to commemorate the historical events associated with the life of Father Jacques Marquette in the New World, and the Secretary of the Interior shall submit to the Congress the Commission's report thereon.

SEC. 3. The Commission may employ, without regard to the civil service laws or the Classification Act of 1949, such employees as may be necessary in carrying out its functions: *Provided*, That no employee whose position would be subject to the

Classification Act of 1949, as amended, if said Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under said Act for positions of equivalent difficulty or responsibility. Such rates of compensation may be adopted by the Commission as may be authorized by the Classification Act of 1949, as amended, as of the same date such rates are authorized for positions subject to said Act. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

SEC. 4. (a) The Commission is authorized to accept donations of money, property, or personal services; to cooperate with agencies of State and local governments; with patriotic and historical societies and with institutions of learning; and to call upon other Federal departments or agencies for their advice and assistance in carrying out the purposes of this joint resolution. The Commission, to such extent as it finds to be necessary, may procure supplies, services, and property and make contracts, and may exercise those powers that are necessary to enable it to carry out efficiently and in the public interest the purposes of this joint resolution.

(b) Expenditures of the Commission shall be paid by the executive officer of the Commission, who shall keep complete records of such expenditures and who shall account for all funds received by the Commission. A report of the activities of the Commission, including an accounting of funds received and expended, shall be furnished by the Commission to the Congress within one year following the termination of the celebration as prescribed by this joint resolution. The Commission shall terminate upon submission of its report to the Congress, unless the investigation authorized in section 2 of this joint resolution is incomplete and the report thereon has not been submitted to the Congress.

(c) Any property acquired by the Commission remaining upon termination of the celebration may be used by the Secretary of the Interior for purposes of the national park system or may be disposed of as surplus property. The net revenues, after payment of Commission expenses, derived from Commission activities, shall be deposited in the Treasury of the United States.

(d) Mail matter sent by the Commission as penalty mail or franked mail shall be accepted for mail subject to section 4156 of title 39, United States Code, as amended.

SEC. 5. There is authorized to be appropriated an amount not to exceed the sum of \$10,000 to carry out the purposes of this joint resolution.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Joint resolution to establish a tercentenary commission to commemorate the advent and history of Father Jacques Marquette in North America, and for other purposes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is established a commission to be known as the Father Marquette Tercentenary Commission, which shall be composed of twelve members as follows:

- (1) Four Members of the Senate to be appointed by the President of the Senate;
- (2) Four Members of the House of Representatives to be appointed by the Speaker of the House of Representatives; and
- (3) Four members to be appointed by the President of the United States.

(b) The President shall, at the time of appointment, designate one of the members appointed by him to serve as Chairman and executive officer. The members of the Com-

mission shall receive no salary by reason of their services as members, but the executive officer may reimburse them for reasonable and necessary expenses incurred by them in conducting Commission business.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

SEC. 2. The functions of the Commission shall be to develop and execute suitable plans for the celebration of the three hundredth anniversary of the advent and subsequent history of Father Jacques Marquette, who came to New France in 1666. In conjunction with the development of such plans, the Commission shall investigate, in cooperation with the Secretary of the Interior, the desirability and suitability of establishing a permanent national monument or memorial to commemorate the historical events associated with the life of Father Jacques Marquette in the New World, and the Secretary of the Interior shall submit to the Congress the Commission's report thereon.

SEC. 3. The Commission may employ, without regard to the civil service laws or the Classification Act of 1949, such employees as may be necessary in carrying out its functions: *Provided*, That no employee whose position would be subject to the Classification Act of 1949, as amended, if said Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under said Act for positions of equivalent difficulty or responsibility. Such rates of compensation may be adopted by the Commission as may be authorized by the Classification Act of 1949, as amended, as of the same date such rates are authorized for positions subject to said Act. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

SEC. 4. (a) The Commission is authorized to accept donations of money, property, or personal services; to cooperate with agencies of State and local governments; with patriotic and historical societies and with institutions of learning; and to call upon other Federal departments or agencies for their advice and assistance in carrying out the purposes of this joint resolution. The Commission, to such extent as it finds to be necessary, may procure supplies, services, and property and make contracts, and may exercise those powers that are necessary to enable it to carry out efficiently and in the public interest the purposes of this joint resolution.

(b) Expenditures of the Commission shall be paid by the executive officer of the Commission, who shall keep complete records of such expenditures and who shall account for all funds received by the Commission. A report of the activities of the Commission, including an accounting of funds received and expended, shall be furnished by the Commission to the Congress within one year following the termination of the celebration as prescribed by this joint resolution. The Commission shall terminate upon submission of its report to the Congress, unless the investigation authorized in section 2 of this joint resolution is incomplete and the report thereon has not been submitted to the Congress.

(c) Any property acquired by the Commission remaining upon termination of the celebration may be used by the Secretary of the Interior for purposes of the national park system or may be disposed of as surplus property. The net revenues, after payment of Commission expenses, derived from Commission activities, shall be deposited in the Treasury of the United States.

(d) Mail matter sent by the Commission as penalty mail or franked mail shall be accepted for mail subject to section 4156 of title 39, United States Code, as amended.

H. R. 7750

JUNE 14, 1965

Ordered to be printed with the amendment of the Senate

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Assistance
4 Act of 1965".

CHAPTER 1—POLICY

7 ~~SEC. 101.~~ Section 102 of the Foreign Assistance ~~Act~~
8 of 1961, as amended, which relates to the statement of
9 policy, is amended by adding at the end thereof the following
10 new paragraph:

11 “It is the sense of the Congress that assistance, under

1 this or any other Act to any foreign country which here-
 2 after permits, or fails to take adequate measures to prevent,
 3 the damage or destruction by mob action of United States
 4 property within such country, should be terminated and
 5 should not be resumed until the President determines that
 6 appropriate measures have been taken by such country to
 7 prevent a recurrence thereof."

8 CHAPTER 2—DEVELOPMENT ASSISTANCE

9 TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT 10 GRANTS

11 SEC. 102. Title II of chapter 2 of part I of the Foreign
 12 Assistance Act of 1961, as amended, which relates to tech-
 13 nical cooperation and development grants, is amended as
 14 follows:

15 (a) Amend section 212, which relates to authorization,
 16 by striking out "1965" and "\$215,000,000" and substitut-
 17 ing "1966" and "\$210,000,000", respectively.

18 (b) Amend section 214, which relates to American
 19 schools and hospitals abroad, as follows:

20 (1) Amend subsection (b) by striking out "treat-
 21 ment, education," and substituting "education".

22 (2) Amend subsection (c) by striking out "1965,
 23 \$18,000,000" and substituting "1966, \$7,000,000".

1 ~~TITLE III—INVESTMENT GUARANTIES~~

2 ~~SEC. 103.~~ Title III of chapter 2 of part 1 of the Foreign
3 Assistance Act of 1961, as amended, which relates to invest-
4 ment guaranties, is amended as follows:

5 ~~(a)~~ Amend section 221(b), which relates to general
6 authority, as follows:

7 ~~(1)~~ Amend the introductory clause to read as
8 follows:

9 ~~“(b)~~ The President may issue guaranties to eligible
10 United States investors—”.

11 ~~(2)~~ In paragraph ~~(1)~~, strike out “\$2,500,000,
12 000” and substitute “\$5,000,000,000”.

13 ~~(3)~~ Amend paragraph ~~(2)~~ as follows:

14 ~~(A)~~ In the first proviso, strike out “; and no
15 such guaranty in the case of a loan shall exceed
16 \$25,000,000 and no other such guaranty shall ex-
17 ceed \$10,000,000”.

18 ~~(B)~~ In the third proviso, immediately after
19 “\$300,000,000” insert the following: “; and guar-
20 anties issued under this paragraph ~~(2)~~ for other
21 than housing projects similar to those insured by the
22 Federal Housing Administration, shall not exceed
23 \$150,000,000”.

1 ~~(C)~~ In the fourth proviso, strike out “1966”
2 and substitute “1967”.

3 ~~(b)~~ Amend section 221~~(c)~~, which relates to general
4 authority, by inserting after the word “guaranty” the third
5 time it appears, the words “of an equity investment”.

6 ~~(c)~~ Amend section 222~~(b)~~, which relates to general
7 provisions, by inserting after “~~(exclusive of informational~~
8 media guaranties),” the words “and to pay the costs of in-
9 vestigating and adjusting ~~(including costs of arbitration)~~
10 claims under such guaranties,”.

11 ~~(d)~~ Amend section 223, which relates to definitions,
12 as follows:

13 ~~(1)~~ In subsection ~~(a)~~, strike out “and” at the end
14 thereof and in subsection ~~(b)~~ strike out the period and
15 substitute “; and”.

16 ~~(2)~~ Add the following new subsection ~~(c)~~:

17 “~~(c)~~ the term ‘eligible United States investors’
18 means United States citizens, or corporations, partner-
19 ships, or other associations created under the laws of the
20 United States or any State or territory and substantially
21 beneficially owned by United States citizens, as well as
22 foreign corporations, partnerships, or other associations
23 wholly owned by one or more such United States citi-
24 zens, corporations, partnerships, or other associations:

1 *Provided*, That the eligibility of a foreign corporation
2 shall be determined without regard to any shares, in
3 aggregate less than 5 per centum of the total of issued
4 and subscribed share capital, required by law to be held
5 by persons other than the United States owners."

6 ~~(c)~~ Amend section 224, which relates to housing proj-
7 ects in Latin American countries, to read as follows:

8 "SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN
9 COUNTRIES.—~~(a)~~ It is the sense of Congress that in order
10 to stimulate private home ownership and assist in the de-
11 velopment of stable economies in Latin America, the author-
12 ity conferred by this section should be utilized for the pur-
13 pose of assisting in the development in the American Repub-
14 lies of self-liquidating pilot housing projects, the development
15 of institutions engaged in Alliance for Progress programs,
16 with particular emphasis on cooperatives, free labor unions,
17 savings and loan and other institutions in Latin America
18 engaged directly or indirectly in the financing of home mort-
19 gages, the construction of homes for lower income persons
20 and families, the increased mobilization of savings and the
21 improvement of housing conditions in Latin America.

22 ~~"(b)~~ To carry out the purposes of subsection ~~(a)~~, the
23 President is authorized to issue guaranties, on such terms

1 and conditions as he shall determine, to eligible United States
2 investors as defined in section 223 assuring against loss of
3 loan investments made by such investors in—

4 “(1) pilot or demonstration private housing proj-
5 ects in Latin America of types similar to those insured
6 by the Federal Housing Administration and suitable
7 for conditions in Latin America;

8 “(2) credit institutions in Latin America engaged
9 directly or indirectly in the financing of home mortgages;
10 such as savings and loan institutions;

11 “(3) housing projects in Latin America for lower
12 income families and persons, which projects shall be
13 constructed in accordance with maximum unit costs
14 established by the President for families and persons
15 whose incomes meet the limitations prescribed by the
16 President;

17 “(4) housing projects in Latin America which will
18 promote the development of institutions important to
19 the success of the Alliance for Progress, such as free
20 labor unions and cooperatives; or

21 “(5) housing projects in Latin America 25 per
22 centum or more of the aggregate of the mortgage financ-
23 ing for which is made available from sources within
24 Latin America and is not derived from sources outside
25 Latin America, which projects shall, to the maximum

1 extent practicable, have a unit cost of not more than
2 \$6,500.

3 “(c) The total face amount of guaranties issued under
4 this section outstanding at any one time shall not exceed
5 \$450,000,000: *Provided*, That no payment may be made
6 under this section for any loss arising out of fraud or mis-
7 conduct for which the investor is responsible: *Provided*
8 *further*, That this authority shall continue until June 30,
9 1967.”

10 TITLE VI—ALLIANCE FOR PROGRESS

11 SEC. 104. Section 252 of the Foreign Assistance Act
12 of 1961, as amended, which relates to the Alliance for Prog-
13 ress, is amended by striking out “in fiscal year 1965” and
14 substituting “in each of the fiscal years 1965 and 1966”.

15 CHAPTER 3—INTERNATIONAL ORGANIZATIONS 16 AND PROGRAMS

17 SEC. 105. Chapter 3 of part II of the Foreign Assist-
18 ance Act of 1961, as amended, which relates to interna-
19 tional organizations and programs, is amended as follows:

20 (a) Amend section 301(c), which relates to assist-
21 ance for Palestine refugees in the Near East, by adding at
22 the end thereof the following: “Contributions by the United
23 States to the United Nations Relief and Works Agency for
24 Palestine Refugees in the Near East for the calendar year
25 1966 shall not exceed \$15,200,000.”

1 ~~(b)~~ Amend section 302, which relates to authorization,
 2 by striking out "1965" and "\$134,272,400" and substitut-
 3 ing "1966" and "\$144,755,000", respectively.

4 CHAPTER 4—SUPPORTING ASSISTANCE

5 SEC. 106. Section 402 of the Foreign Assistance Act
 6 of 1961, as amended, which relates to supporting assistance,
 7 is amended by striking out in the first sentence "1965" and
 8 "\$405,000,000" and substituting "1966" and "\$369,200,-
 9 000", respectively.

10 CHAPTER 5—CONTINGENCY FUND

11 SEC. 107. Section 451 of the Foreign Assistance Act
 12 of 1961, as amended, which relates to the contingency fund,
 13 is amended as follows:

14 ~~(a)~~ Amend subsection ~~(a)~~ as follows:

15 ~~(1)~~ Strike out "1965" and "\$150,000,000" and
 16 substitute "1966" and "\$50,000,000", respectively.

17 ~~(2)~~ Add the following new sentence: "In addi-
 18 tion, there is hereby authorized to be appropriated to
 19 the President for use in Southeast Asia such sums as
 20 may be necessary in the fiscal year 1966 for programs
 21 authorized by parts I and II of this Act in accordance
 22 with the provisions applicable to such programs if he
 23 determines such use to be important to the national
 24 interest: *Provided*, That the President shall present to
 25 the Committee on Foreign Relations of the Senate and

the Speaker of the House of Representatives the programs to be carried out from funds requested by the President to be appropriated under authority of this sentence."

(b) Amend subsection (b) by striking out "this section" and substituting "the first sentence of subsection (a)".

Part II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 503(b), which relates to general authority, by striking out the words "in foreign countries".

(b) Amend section 504, which relates to authorization, by striking out "1965" and "\$1,055,000,000" in the first sentence and substituting "1966" and "\$1,170,000,000", respectively.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: "or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to con-

1 struct public works and to engage in other activities
 2 helpful to the economic development of such friendly
 3 countries. It is the sense of the Congress that such
 4 foreign military forces should not be maintained or estab-
 5 lished solely for civic action activities and that such
 6 civic action activities not significantly detract from the
 7 capability of the military forces to perform their military
 8 missions and be coordinated with and form part of the
 9 total economic development effort."

10 ~~(2)~~ Strike out subsection ~~(b)~~ and redesignate the
 11 proviso of subsection ~~(a)~~ as subsection ~~(b)~~.

12 ~~(3)~~ In redesignated subsection ~~(b)~~, strike out
 13 "*Provided, That except*" and substitute "*Except*";
 14 strike out "*or (2)*" and substitute "*, or (2)*" for civic
 15 action assistance, or ~~(3)~~."

16 ~~(d)~~ Amend section 507, which relates to sales, as
 17 follows:

18 ~~(1)~~ In subsection ~~(a)~~, insert the following new
 19 sentence between the second and third sentences:
 20 "*Notwithstanding the provisions of section 644(m)(2),*
 21 *nonexcess defense articles may be sold under this sub-*
 22 *section at the standard price in effect at the time such*
 23 *articles are offered for sale to the purchasing country or*
 24 *international organization.*"

25 ~~(2)~~ In subsection ~~(b)~~, strike out the period at the

1 end of the first proviso; substitute a colon and add the
2 following: "*Provided further*, That the President may,
3 when he determines it to be in the national interest,
4 enter into sales agreements with purchasing countries
5 or international organizations which fix prices to be
6 paid by the purchasing countries or international orga-
7 nizations for the defense articles or defense services
8 ordered. Funds available under this part for financing
9 sales shall be used to reimburse the applicable appro-
10 priations in the amounts required by the contracts which
11 exceed the price so fixed; except that such reimburse-
12 ment shall not be required upon determination by the
13 President that the continued production of the defense
14 article being sold is advantageous to the Armed Forces
15 of the United States. Payments by purchasing coun-
16 tries or international organizations which exceed the
17 amounts required by such contracts shall be credited
18 to the account established under section 508. To the
19 maximum extent possible, prices fixed under any such
20 sales agreement shall be sufficient to reimburse the
21 United States for the cost of the defense articles or de-
22 fense services ordered. The President shall submit to
23 the Congress promptly a detailed report concerning any
24 fixed-price sales agreement under which the aggregate
25 cost to the United States exceeds the aggregate amount

1 required to be paid by the purchasing country or inter-
2 national organization."

3 ~~(c)~~ Amend section 508, which relates to reimbursement
4 as follows:

5 ~~(1)~~ After "this part" the first time it appears, in-
6 sert "have been or".

7 ~~(2)~~ After "United States Government," the first
8 time it appears insert "receipts received from the disposi-
9 tion of evidences of indebtedness and charges (including
10 fees and premiums) or interest collected".

11 ~~(3)~~ Strike out "the current applicable appropria-
12 tion" and substitute "a separate fund account".

13 ~~(4)~~ Strike out "furnishing further military assist-
14 ance on cash or credit terms" and substitute "financing
15 sales and guaranties, including the overhead costs
16 thereof".

17 ~~(f)~~ Amend section 509(b), which relates to exchanges
18 and guaranties, by inserting "(excluding contracts with any
19 agency of the United States Government)" in the second
20 sentence between the last word thereof and the period.

21 ~~(g)~~ Amend section 510, which relates to special author-
22 ity, as follows:

23 ~~(1)~~ In subsection (a), strike out "1965" each
24 place it appears and substitute in each such place

1 “1966”; and strike out “available for military assist-
2 ance”.

3 ~~(2)~~ In subsection ~~(b)~~, strike out “to the Presi-
4 dent”.

5 ~~(h)~~ Amend section 512, which relates to restrictions on
6 military aid to Africa, as follows:

7 ~~(1)~~ Strike out “programs described in section 505
8 ~~(b)~~ of this chapter” and substitute “civic action re-
9 quirements”.

10 ~~(2)~~ Strike out “1965” and substitute “1966”.

11 Part III

12 CHAPTER 4—GENERAL PROVISIONS

13 SEC. 301. Chapter 1 of part III of the Foreign Assist-
14 ance Act of 1961, as amended, which relates to general
15 provisions, is amended as follows:

16 ~~(a)~~ Amend section 605, which relates to retention and
17 use of items, as follows:

18 ~~(1)~~ In the section heading strike out “ITEMS” and
19 substitute “CERTAIN ITEMS AND FUNDS”.

20 ~~(2)~~ Add the following new subsections:

21 “(c) Funds realized as a result of any failure of a
22 transaction financed under authority of part I of this Act
23 to conform to the requirements of this Act, or to applicable

1 rules and regulations of the United States Government, or
2 to the terms of any agreement or contract entered into under
3 authority of part I of this Act, shall revert to the respective
4 appropriation, fund, or account used to finance such trans-
5 action or to the appropriation, fund, or account currently
6 available for the same general purpose.

7 “(d) Funds realized by the United States Government
8 from the sale, transfer, or disposal of defense articles returned
9 to the United States Government by a recipient country or
10 international organization as no longer needed for the pur-
11 pose for which furnished shall be credited to the respective
12 appropriation, fund, or account used to procure such defense
13 articles or to the appropriation, fund, or account currently
14 available for the same general purpose.”

15 ~~(b)~~ Amend section 612, which relates to use of foreign
16 currencies, by redesignating subsection ~~(e)~~ as subsection
17 ~~(b)~~.

18 ~~(e)~~ Amend section 620, which relates to prohibitions
19 against furnishing assistance to Cuba and certain other coun-
20 tries, as follows:

21 ~~(1)~~ Amend the section heading to read as follows:

22 “PROHIBITIONS AGAINST FURNISHING ASSIST-
23 ANCE.”

24 ~~(2)~~ In paragraph ~~(2)~~ of section 620(e), which

1 relates to the application of the federal act of state doc-
 2 trine, strike out "January 1, 1966" and substitute
 3 "January 1, 1967".

4 ~~(3)~~ In section 620(1), which relates to the pro-
 5 hibition against furnishing assistance to countries which
 6 fail to enter into agreements to institute the investment
 7 guaranty program and providing protection against cer-
 8 tain risks, strike out "December 31, 1965" and sub-
 9 stitute "December 31, 1966".

10 ~~(4)~~ At the end of such section 620, add the fol-
 11 lowing new subsection:

12 ~~"(n)~~ Until the President determines that North Viet-
 13 nam has ceased all efforts to overthrow the Government of
 14 South Vietnam, no funds authorized to be made available
 15 under this Act ~~(except under section 214)~~ shall be used to
 16 furnish assistance to any country which has failed to take
 17 appropriate steps, not later than sixty days after the date
 18 of enactment of the Foreign Assistance Act of 1965—

19 ~~"(A)~~ to prevent ships or aircraft under its registry
 20 from transporting to North Vietnam—

21 ~~"(i)~~ any items of economic assistance,

22 ~~"(ii)~~ any items which are, for the purposes of
 23 title I of the Mutual Defense Assistance Control

1 Act of 1951, as amended, arms, ammunition and
 2 implements of war, atomic energy materials, petro-
 3 leum, transportation materials of strategic value, or
 4 items of primary strategic significance used in the
 5 production of arms, ammunition, and implements of
 6 war, or

7 “(iii) any other equipment, materials, or com-
 8 modities; and

9 “(B) to prevent ships or aircraft under its registry
 10 from transporting any equipment, materials, or com-
 11 modities from North Vietnam.”

12 CHAPTER 2—ADMINISTRATIVE PROVISIONS

13 SEC. 302. Chapter 2 of part III of the Foreign Assist-
 14 ance Act of 1961, as amended, which relates to administra-
 15 tive provisions, is amended as follows:

16 (a) Amend section 622, which relates to coordination
 17 with foreign policy, as follows:

18 (1) In subsection (b), immediately after “military
 19 assistance” insert “(including any civic action and sales
 20 program)”.

21 (2) In subsection (c), immediately after “military
 22 assistance program” insert “(including any civic action
 23 and sales program)”.

1 ~~(b)~~ Amend section 624, which relates to statutory
2 officers, as follows:

3 ~~(1)~~ In subsection ~~(b)~~, strike out “paragraph ~~(3)~~
4 of” and “of the officers provided for in paragraphs ~~(1)~~
5 and ~~(2)~~ of that subsection”, and substitute for the latter
6 “of one or more of said officers”.

7 ~~(2)~~ In subsection ~~(d)~~, strike out “Public Law
8 86-735” wherever it appears and substitute “the Latin
9 American Development Act, as amended”.

10 ~~(c)~~ Amend section 625~~(d)~~, which relates to the em-
11 ployment of personnel, by striking out “twenty” in para-
12 graph ~~(2)~~ and substituting “fifty”.

13 ~~(d)~~ Amend section 626, which relates to experts, con-
14 sultants, and retired officers, by redesignating subsection ~~(d)~~
15 as subsection ~~(e)~~.

16 ~~(e)~~ Amend section 630, which relates to terms of
17 detail or assignment, by inserting “benefits” after “travel
18 expenses”, in paragraphs ~~(2)~~ and ~~(4)~~.

19 ~~(f)~~ Amend section 635~~(g)~~, which relates to general
20 authorities, by inserting “and sales” after “loans” in the
21 introductory clause.

22 ~~(g)~~ Amend section 636, which relates to provisions on
23 uses of funds, as follows:

1 ~~(1)~~ In subsection ~~(e)~~, strike out “section 2 of the
2 Act of July 31, 1894, as amended ~~(5 U.S.C. 62)~~” and
3 substitute “section 301 of the Dual Compensation Act
4 ~~(5 U.S.C. 3105)~~”.

5 ~~(2)~~ In subsection ~~(f)~~, strike out “Act to provide
6 for assistance in the development of Latin America
7 and in the reconstruction of Chile, and for other pur-
8 poses” and substitute “Latin American Development
9 Act, as amended”.

10 ~~(h)~~ Amend section 637~~(a)~~, which relates to adminis-
11 trative expenses, by striking out “1965” and “\$52,500,000”
12 and substituting “1966” and “\$53,240,000”, respectively.

13 ~~(i)~~ Amend section 638, which relates to Peace Corps
14 assistance, by striking out all beginning with “; or famine”
15 and substituting a period.

16 ~~(j)~~ Add the following new section 639:

17 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
18 vision of this Act shall be construed to prohibit assistance
19 to any country for famine or disaster relief.”

20 CHAPTER 3—MISCELLANEOUS PROVISIONS

21 SEC. 303. Chapter 3 of part III of the Foreign Assist-
22 ance Act of 1961, as amended, which relates to miscellaneous
23 provisions, is amended as follows:

24 ~~(a)~~ Amend section 642~~(a)~~ ~~(2)~~, which relates to stat-

1 utes repealed, by striking out "143," and all beginning with
2 "*Provided*," up to the semicolon.

3 (b) Amend section 644, which relates to definitions,
4 as follows:

5 (1) In subsection (g), insert ",", and not procured
6 in anticipation of military assistance or sales require-
7 ments, or pursuant to a military assistance or sales
8 order," after "United States Government" and strike
9 out "as grant assistance".

10 (2) In subsection (m)(2), strike out "Such price
11 shall be the same standard price" and substitute "Such
12 standard price shall be the same price (including au-
13 thorized reduced prices)".

14 (3) Amend the paragraph following the numbered
15 paragraph (3) in subsection (m) as follows:

16 (A) In the first sentence, insert "and sales"
17 after "Military assistance".

18 (B) In the second proviso, strike out "by the
19 military assistance program".

20 (c) Amend section 645, which relates to unexpended
21 balances, by striking out "Public Law 86-735" and sub-
22 stituting "the Latin American Development Act, as
23 amended".

1 ~~CHAPTER 4—AMENDMENT TO THE AGRICUL-~~
2 ~~TURAL TRADE DEVELOPMENT AND ASSIST-~~
3 ~~ANCE ACT OF 1954~~

4 SEC. 401. Section 107 of the Agricultural Trade Devel-
5 opment and Assistance Act of 1954 is amended by adding at
6 the end thereof the following new paragraph:

7 “No sale under title I of this Act shall be made to the
8 United Arab Republic unless the President determines that
9 such sale is essential to the national interest of the United
10 States. No such sale shall be based on the requirements of
11 the United Arab Republic for more than one fiscal year.
12 The President shall keep the Foreign Relations Committee
13 and the Appropriations Committee of the Senate and the
14 Speaker of the House of Representatives fully and currently
15 informed with respect to sales made to the United Arab
16 Republic under title I of this Act.”

17 *That this Act may be cited as the “Foreign Assistance Act*
18 *of 1965”.*

19 PART I

20 CHAPTER 1—POLICY

21 SEC. 101. Section 102 of the Foreign Assistance Act of
22 1961, as amended, which relates to the statement of policy,
23 is amended as follows:

24 (a) Strike out the last sentence in the seventh para-
25 graph and substitute the following: “It is the sense of the

1 Congress that in furnishing assistance under this part excess
2 personal property shall be utilized wherever practicable in
3 lieu of the procurement of new items for United States-as-
4 sisted projects and programs. It is the further sense of the
5 Congress that assistance under this part shall be comple-
6 mented by the furnishing under any other Act of surplus
7 agricultural commodities and by disposal of excess personal
8 property under this and other Acts.”

9 (b) After the second sentence in the thirteenth para-
10 graph insert the following: “Congress further urges that the
11 United States and other free world nations place an increas-
12 ing portion of their assistance programs on a multilateral
13 basis and that the United States continue its efforts to im-
14 prove coordination among programs of assistance carried out
15 on a bilateral basis by free world nations.”

16 (c) Add at the end thereof the following new para-
17 graph:

18 “It is the sense of the Congress that assistance under this
19 or any other Act to any foreign country which hereafter per-
20 mits, or fails to take adequate measures to prevent, the dam-
21 age or destruction by mob action of United States property
22 within such country, should be terminated and should not be
23 resumed until the President determines that appropriate
24 measures have been taken by such country to prevent a re-
25 currence thereof.”

1 *CHAPTER 2—DEVELOPMENT ASSISTANCE*2 *TITLE I—DEVELOPMENT LOAN FUND*

3 *SEC. 102. Title I of chapter 2 of part I of the Foreign*
4 *Assistance Act of 1961, as amended, which relates to the*
5 *Development Loan Fund, is amended as follows:*

6 *(a) Amend section 201(e), which relates to general au-*
7 *thority, by inserting after the comma at the end of clause (1)*
8 *the following: “and that periodic progress reports will be*
9 *made with respect to the self-help measures, public and pri-*
10 *vate, planned and achieved in the recipient country,”.*

11 *(b) Amend section 202(a), which relates to authori-*
12 *zation, as follows:*

13 *(1) In the first proviso, strike out “during the*
14 *above period”.*

15 *(2) In the second proviso, strike out “and June 30,*
16 *1966” and substitute “June 30, 1966, and June 30,*
17 *1967”.*

18 *(c) Amend section 205, which relates to the use of the*
19 *facilities of the International Development Association, to*
20 *read as follows:*

21 *“SEC. 205. USE OF INTERNATIONAL LENDING ORGA-*
22 *NIZATIONS.—In order to serve the purposes of this title and*
23 *the policy contained in section 619, the President, after*
24 *consideration of the extent of additional participation by*

1 other countries, may make available, in addition to any other
2 funds available for such purposes, on such terms and condi-
3 tions as he determines, not to exceed 15 per centum of the
4 funds made available for this title to the International Devel-
5 opment Association, the International Bank for Reconstruc-
6 tion and Development, or the International Finance Corpo-
7 ration for use pursuant to the laws governing United States
8 participation in such institutions, if any, and the governing
9 statutes thereof and without regard to section 201 or any other
10 requirements of this or any other Act: Provided, That with
11 respect to any dollars herein authorized the voting power of
12 the United States shall be exercised for the purpose of dis-
13 approving any loan by the Association for any project, enter-
14 prise, or activity in any country, during any period for which
15 the President has suspended assistance to the government of
16 such country because of any action taken on or after Janu-
17 ary 1, 1962, by the government of such country or any gov-
18 ernment agency or subdivision within such country as specified
19 in paragraph (A), (B), or (C), of subsection (e)
20 (1) of section 620 of the Foreign Assistance Act of 1961,
21 as amended, and the failure of such country within a reason-
22 able time to take appropriate steps to discharge its obligations
23 or provide relief in accordance with the provisions of such sub-
24 section."

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) Subsection (b) is hereby repealed effective July 1, 1967.

(2) Amend subsection (c) by striking out "for the fiscal year 1965, \$18,000,000, to" and substituting "\$9,000,000 for use beginning in each of the fiscal years 1966 and 1967, which sums shall".

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

"The President may issue guaranties to eligible United States investors—".

(2) In paragraph (1), strike out "\$2,500,000,000" and substitute "\$5,000,000,000".

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out ", and no such guaranty in the case of a loan shall exceed

1 \$25,000,000 and no other such guaranty shall ex-
2 ceed \$10,000,000".

3 (B) In the fourth proviso, strike out "1966"
4 and substitute "1968".

5 (b) Amend section 221(c), which relates to general
6 authority, by striking out "actual earnings or profits" and
7 substituting "earnings or profits actually received".

8 (c) Amend section 222(b), which relates to general
9 provisions, by inserting after "(exclusive of informational
10 media guaranties)," the words "and to pay the costs of
11 investigating and adjusting (including costs of arbitration)
12 claims under such guaranties,".

13 (d) Amend section 223, which relates to definitions, as
14 follows:

15 (1) In subsection (a), strike out "and" at the end
16 thereof and in subsection (b) strike out the period and
17 substitute "; and".

18 (2) Add the following new subsection (c):

19 "(c) the term 'eligible United States investors'
20 means United States citizens, or corporations, partner-
21 ships, or other associations created under the laws of the
22 United States or any State or territory and substantially
23 beneficially owned by United States citizens, as well as
24 foreign corporations, partnerships, or other associations

1 wholly owned by one or more such United States citi-
2 zens, corporations, partnerships, or other associations:
3 Provided, That the eligibility of a foreign corporation
4 shall be determined without regard to any shares, in
5 aggregate less than 5 per centum of the total of issued
6 and subscribed share capital, required by law to be held
7 by persons other than the United States owners."

8 (e) Amend section 224, which relates to housing proj-
9 ects in Latin American countries, to read as follows:

10 "SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN
11 COUNTRIES.—(a) It is the sense of Congress that in order to
12 stimulate private home ownership and assist in the develop-
13 ment of stable economies in Latin America, the authority
14 conferred by this section should be utilized for the purpose
15 of assisting in the development in the American Republics of
16 self-liquidating pilot housing projects, the development of
17 institutions engaged in Alliance for Progress programs, the
18 construction of homes for lower income persons and families,
19 the increased mobilization of savings and the improvement
20 of housing conditions in Latin America.

21 "(b) To carry out the purposes of subsection (a), the
22 President is authorized to issue guaranties, on such terms
23 and conditions as he shall determine, to eligible United

1 *States investors as defined in section 223 assuring against*
2 *loss of loan investments made by such investors in—*

3 “(1) *pilot or demonstration private housing proj-*
4 *ects in Latin America of types similar to those insured*
5 *by the Federal Housing Administration and suitable for*
6 *conditions in Latin America;*

7 “(2) *credit institutions in Latin America engaged*
8 *directly or indirectly in the financing of home mortgages;*

9 “(3) *housing projects in Latin America for lower*
10 *income families and persons, which projects shall be*
11 *constructed in accordance with maximum unit costs*
12 *established by the President for families and persons*
13 *whose incomes meet the limitations prescribed by the*
14 *President;*

15 “(4) *housing projects in Latin America which will*
16 *promote the development of institutions important to*
17 *the success of the Alliance for Progress; or*

18 “(5) *housing projects in Latin America 25 per*
19 *centum or more of the aggregate of the mortgage financ-*
20 *ing for which is made available from sources within*
21 *Latin America and has not derived from sources outside*
22 *Latin America, which projects shall, to the maximum*
23 *extent practicable, have a unit cost of not more than*
24 *\$6,500.*

25 “(c) *The total face amount of guaranties issued under*

1 *this section outstanding at any one time shall not exceed*
 2 *\$350,000,000: Provided, That no payment may be made*
 3 *under this section for any loss arising out of fraud or miscon-*
 4 *duct for which the investor is responsible: Provided further,*
 5 *That this authority shall continue until June 30, 1968."*

6 *TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES*

7 *SEC. 105. Section 232 of the Foreign Assistance Act of*
 8 *1961, as amended, which relates to surveys of investment*
 9 *opportunities, is amended by inserting after "\$2,100,000,"*
 10 *the following: "and for use beginning in fiscal year 1967 to*
 11 *carry out such purposes not to exceed \$2,100,000,".*

12 *TITLE VI—ALLIANCE FOR PROGRESS*

13 *SEC. 106. Title VI of chapter 2 of part I of the Foreign*
 14 *Assistance Act of 1961, as amended, which relates to the*
 15 *Alliance for Progress, is amended as follows:*

16 *(a) Amend section 251(e), which relates to general*
 17 *authority, by inserting after the comma at the end of clause*
 18 *(1) the following: "and that periodic progress reports will*
 19 *be made with respect to the self-help measures, public and*
 20 *private, planned and achieved in the recipient country,".*

21 *(b) Amend section 252, which relates to authorization,*
 22 *as follows:*

23 *(1) In the first sentence, strike out "and 1966" and*
 24 *substitute "1966, and 1967"; strike out "1964 and" and*

1 substitute "1964,"; and after "fiscal year 1965" insert a
 2 comma and the following: "and \$70,000,000 in each of the
 3 fiscal years 1966 and 1967".

4 (2) In the third sentence, strike out "and June 30,
 5 1966" and substitute ", June 30, 1966, and June 30, 1967".

6 CHAPTER 3—INTERNATIONAL ORGANIZA- 7 TIONS AND PROGRAMS

8 SEC. 107. Chapter 3 of part I of the Foreign Assistance
 9 Act of 1961, as amended, which relates to international
 10 organizations and programs, is amended as follows:

11 (a) Amend section 301, which relates to general author-
 12 ity, by adding the following new subsection:

13 "(d) Contributions to the International Secretariat for
 14 Volunteer Services for the calendar year 1966 or any subse-
 15 quent year shall not exceed 28 per centum of the total amount
 16 contributed to such organization for such year."

17 (b) Amend section 302, which relates to authorization,
 18 as follows:

19 (1) Amend the first sentence by striking out "for the
 20 fiscal year 1965" and substituting "for each of the fiscal
 21 years 1966 and 1967", and by striking out "\$134,272,400"
 22 and substituting "\$146,455,000".

23 (2) Strike out the second sentence.

1 *CHAPTER 4—SUPPORTING ASSISTANCE*

2 *SEC. 108. Section 402 of the Foreign Assistance Act of*
3 *1961, as amended, which relates to supporting assistance, is*
4 *amended as follows:*

5 *(a) In the first sentence, strike out “for use begin-*
6 *ning in the fiscal year 1965”.*

7 *(b) In the first sentence, strike out “\$405,000,000,*
8 *which” and substitute “\$430,000,000 for use beginning*
9 *in the fiscal year 1966 and \$350,000,000 for use begin-*
10 *ning in the fiscal year 1967 which sums”.*

11 *CHAPTER 5—CONTINGENCY FUND*

12 *SEC. 109. Section 451(a) of the Foreign Assistance*
13 *Act of 1961, as amended, which relates to the contingency*
14 *fund, is amended by striking out “for the fiscal year 1965*
15 *not to exceed \$150,000,000” and substituting “for each*
16 *of the fiscal years 1966 and 1967 not to exceed \$50,000,000*
17 *in each such fiscal year”.*

18 *PART II*

19 *CHAPTER 2—MILITARY ASSISTANCE*

20 *SEC. 201. Chapter 2 of part II of the Foreign Assist-*
21 *ance Act of 1961, as amended, which relates to military*
22 *assistance, is amended as follows:*

1 (a) Amend section 503(b), which relates to general
2 authority, by striking out the words "in foreign countries".

3 (b) Amend section 504(a), which relates to authoriza-
4 tion, by striking out "in fiscal year 1965" and substituting
5 "in each of the fiscal years 1966 and 1967", and by striking
6 out "\$1,055,000,000, which" and substituting "\$1,170,000,-
7 000 in each such fiscal year, which sums".

8 (c) Amend section 505, which relates to utilization of
9 assistance, as follows:

10 (1) In subsection (a), strike out the colon and add the
11 following: " , or for the purpose of assisting foreign military
12 forces (or the voluntary efforts of personnel of the Armed
13 Forces of the United States) to construct public works and
14 to engage in other activities helpful to the economic and
15 social development of friendly countries. It is the sense
16 of the Congress that, insofar as practicable, such foreign
17 military forces should not be maintained or established solely
18 for civic action activities and that such civic action activities
19 not significantly detract from the capability of the military
20 forces to perform their military missions and be coordinated
21 with and form part of the total economic and social develop-
22 ment effort."

23 (2) Strike out subsection (b) and redesignate the
24 proviso of subsection (a) as subsection (b).

25 (3) In redesignated subsection (b), strike out "Pro-

1 vided, *That except*" and substitute *"Except"*; strike out
2 *"or (2)"* and substitute *", or (2) for civic action assistance,*
3 *or (3)"*.

4 (d) Amend section 507, which relates to sales, as
5 follows:

6 (1) In subsection (a), insert the following new sen-
7 tence between the second and third sentences: *"Notwith-*
8 *standing the provisions of section 644(m)(2), nonexcess*
9 *defense articles may be sold under this subsection at the*
10 *standard price in effect at the time such articles are offered*
11 *for sale to the purchasing country or international organi-*
12 *zation."*

13 (2) In subsection (b) strike out the period at the end
14 of the first proviso, substitute a colon and add the follow-
15 ing: *"Provided further, That the President may, when he*
16 *determines it to be in the national interest, enter into sales*
17 *agreements with purchasing countries or international organi-*
18 *zations which fix prices to be paid by the purchasing coun-*
19 *tries or international organizations for the defense articles or*
20 *defense services ordered. Funds available under this part*
21 *for financing sales shall be used to reimburse the applicable*
22 *appropriations in the amounts required by the contracts which*
23 *exceed the price so fixed, except that such reimbursement*
24 *shall not be required upon determination by the President*
25 *that the continued production of the defense article being*

1 sold is advantageous to the Armed Forces of the United
2 States. Payments by purchasing countries or international
3 organizations which exceed the amounts required by such con-
4 tracts shall be credited to the account established under
5 section 508."

6 (e) Amend section 508, which relates to reimburse-
7 ment, as follows:

8 (1) After "this part" the first time it appears, insert
9 "have been or".

10 (2) After "United States Government," the first time
11 it appears, insert "receipts received from the disposition of
12 evidences of indebtedness and charges (including fees and
13 premiums) or interest collected".

14 (3) Strike out "the current applicable appropriation"
15 and substitute "a separate fund account".

16 (4) Strike out "furnishing further military assistance on
17 cash or credit terms" and substitute "financing sales and
18 guaranties, including the overhead costs thereof".

19 (f) Amend section 509(b), which relates to exchanges
20 and guaranties, by inserting "(excluding contracts with any
21 agency of the United States Government)" in the second
22 sentence between the last word thereof and the period.

23 (g) Amend section 510(a), which relates to special au-
24 thority, as follows:

1 (1) *In the first sentence strike out “fiscal year 1965”*
2 *and substitute “fiscal years 1966 and 1967”.*

3 (2) *In the second sentence, strike out “in the fiscal year*
4 *1965” and substitute “in each of the fiscal years 1966 and*
5 *1967”.*

6 (h) *Amend section 511, which relates to restrictions*
7 *on military aid to Latin America, as follows:*

8 (1) *In subsection (a), strike out “a part may be used*
9 *during each fiscal year for assistance in implementing a fea-*
10 *sible plan for regional defense”, and insert “\$25,000,000*
11 *may be used for assistance on a cost-sharing basis to an inter-*
12 *American military force under the control of the Organiza-*
13 *tion of American States”.*

14 (2) *Amend subsection (b) to read as follows:*

15 “(b) *to the maximum extent feasible, military assist-*
16 *ance shall be furnished to American Republics only in ac-*
17 *cordance with joint plans (including joint plans relating to*
18 *internal security problems) approved by the Organization*
19 *of American States. The President shall submit quarterly*
20 *reports to the Speaker of the House of Representatives and*
21 *to the Committee on Foreign Relations of the Senate on the*
22 *implementation of this subsection.”*

23 (i) *Amend section 512, which relates to restrictions on*
24 *military aid to Africa, as follows:*

1 (1) *Strike out “programs described in section 505(b)*
2 *of this chapter” and substitute “civic action requirements”.*

3 (2) Strike out "in fiscal year 1965" and substitute "for
4 the fiscal years 1966 and 1967".

5 (3) After “\$25,000,000” insert “in each such fiscal
6 year”.

PART III

CHAPTER 1—GENERAL PROVISIONS

9 *SEC. 301. Chapter 1 of part III of the Foreign Assist-*
10 *ance Act of 1961, as amended, which relates to general pro-*
11 *visions, is amended as follows:*

12 (a) Amend section 605, which relates to retention and
13 use of items, as follows:

14 (1) In the section heading strike out “Items”
15 and substitute “Certain Items and Funds”.

16 (2) Add the following new subsections:

17 “(c) Funds realized as a result of any failure of a
18 transaction financed under authority of part I of this Act to
19 conform to the requirements of this Act, or to applicable
20 rules and regulations of the United States Government, or to
21 the terms of any agreement or contract entered into under
22 authority of part I of this Act, shall be deposited into the
23 Treasury as miscellaneous receipts.

24 “(d) Funds realized by the United States Government
25 from the sale, transfer, or disposal of defense articles returned

1 to the United States Government by a recipient country or
2 international organization as no longer needed for the pur-
3 pose for which furnished shall be deposited into the Treasury
4 as miscellaneous receipts.”

5 (b) Amend section 611(a), which relates to comple-
6 tion of plans and cost estimates, as follows:

7 (1) Strike out the period at the end of paragraph (2)
8 and substitute a semicolon and the word “and”.

9 (2) Add the following new paragraph (3):

10 “(3) unless the chief of the economic assistance mission
11 in the recipient country has certified in writing within six
12 months prior to the making of such agreement or grant that
13 the recipient country has the capability to utilize effectively
14 such assistance. In the event that such a certification cannot
15 be made, the assistance may be furnished only upon specific
16 advance approval by the Secretary of State (or, upon appro-
17 priate delegation of authority, by an Under Secretary or
18 Assistant Secretary of State). The Secretary of State, or
19 his delegate, shall make a complete report to the Speaker of
20 the House of Representatives and to the Committee on For-
21 eign Relations and the Committee on Appropriations of the
22 Senate of each such determination and approval and the
23 reasons therefor.”

24 (c) Amend section 612, which relates to use of foreign
25 currencies, by redesignating subsection (c) as subsection

1 *(b), and by striking out the second paragraph of such sub-*
2 *section and substituting the following:*

3 *“The President shall take all appropriate steps to assure*
4 *that, to the maximum extent possible, United States-owned*
5 *foreign currencies are utilized in lieu of dollars. Dollar funds*
6 *made available pursuant to this Act shall not be expended for*
7 *goods and services when United States-owned foreign cur-*
8 *rencies are available for such purposes unless the adminis-*
9 *trative official approving the voucher certifies as to the reason*
10 *for the use of dollars in each case.”*

11 *(d) Amend section 613, which relates to foreign cur-*
12 *rencies, as follows:*

13 *(1) Strike out the section heading and substitute the*
14 *following: “Accounting, Valuation, Reporting, and Admin-*
15 *istration of Foreign Currencies”.*

16 *(2) Add the following new subsection:*

17 *“(d) In cases where assistance is to be furnished to*
18 *any recipient country in furtherance of the purposes of this*
19 *or any other Act on a basis which will result in the accrual*
20 *of foreign currency proceeds to the United States, the Sec-*
21 *retary of the Treasury shall issue regulations requiring that*
22 *agreements, in respect of such assistance, include provisions*
23 *for the receipt of interest income on the foreign currency*
24 *proceeds deposited in authorized depositaries at a rate not*
25 *less favorable than the highest interest rate lawfully obtain-*

1 able from the recipient country or agencies thereof in the
2 respective countries: *Provided, That whenever the Secre-*
3 *tary of State determines it not to be in the national interest*
4 *to conclude arrangements for the receipt of interest income*
5 *he may waive the requirement thereof: Provided further,*
6 *That the Secretary of State, or his delegate, shall promptly*
7 *make a complete report to the Congress on each such deter-*
8 *mination and the reasons therefor."*

9 (e) Amend section 620, which relates to termination of
10 assistance to certain countries, as follows:

11 (1) Amend subsection (e)(1), which relates to ex-
12 propriations and related matters, by inserting "including the
13 issuance of new investment guaranties)" after words "The
14 President shall suspend assistance" and by inserting "pur-
15 suant to procedures substantially equivalent to those set forth
16 in the Convention on the Settlement of Investment Disputes
17 Between States and Nationals of Other States submitted to
18 governments by the International Bank for Reconstruction
19 and Development" after the words "which may include
20 arbitration".

21 (2) Amend subsection (e)(2), which relates to the
22 act of state doctrine, by inserting after the words "other
23 right" each time they appear the words "to property", and
24 by striking out " , or (3) in any case in which the proceed-
25 ings are commenced after January 1, 1966".

1 (3) Add the following subparagraph to subsection (e):

2 “(3) No assistance including the issuance of new in-
 3 vestment guaranties) shall be furnished in connection with
 4 any project if property used in, or concession rights relating
 5 to, the same or a substantially similar predecessor project
 6 are the subject of a bona fide claim by, or of a judgment or
 7 award in favor of, any United States citizen or any corpora-
 8 tion, partnership, or association not less than 50 per centum
 9 beneficially owned by United States citizens that such prop-
 10 erty or rights were, without consent, on or after the effective
 11 date of this Act, subjected to expropriatory or other similar
 12 acts as described in subparagraphs (1)(A), (1)(B), and
 13 (1)(C) of this subsection, unless the property or rights
 14 which are the subject of such claim, judgment, or award are
 15 restored to the claimant, pursuant to the mandate of a
 16 judgment or award or under terms agreed to by the
 17 claimant.”

18 (4) Amend subsection (l), which relates to termina-
 19 tion of assistance to countries which fail to enter into agree-
 20 ments to institute investment guaranty programs, by striking
 21 out “December 31, 1965” and substituting “June 30, 1967”.

22 (15) Add the following new subsections:

23 “(n) No assistance shall be furnished under this Act,
 24 and no sales shall be made under title I of the Agricultural
 25 Trade Development and Assistance Act of 1954, as amended,

1 to the United Arab Republic or to Indonesia so long as
2 either of such countries shall continue to commit aggression,
3 as the President shall determine in accordance with section
4 620(i) of the Foreign Assistance Act of 1961, as amended.

5 “(o) No assistance shall be furnished under this Act
6 to any country which (1) has extended, or hereafter ex-
7 tends, its jurisdiction for fishing purposes over any area of
8 the high seas beyond that recognized by the United States,
9 and (2) hereafter imposes any penalty or sanction against
10 any United States fishing vessel on account of its fishing
11 activities in such area.

12 “The provisions of this subsection shall not be applicable
13 in any case in which the extension of jurisdiction is made
14 pursuant to international agreement to which the United
15 States is a party.”

16 CHAPTER 2—ADMINISTRATIVE PROVISIONS

17 SEC. 302. Chapter 2 of part III of the Foreign Assist-
18 ance Act of 1961, as amended, which relates to administra-
19 tive provisions, is amended as follows:

20 (a) Amend section 624, which relates to statutory
21 officers, as follows:

22 (1) In subsection (b), strike out “paragraph (3)
23 of” and “of the officers provided for in paragraphs (1)
24 and (2) of that subsection”, and substitute for the
25 latter “of one or more of said officers”.

1 (2) In subsection (d), strike out “Public Law
2 86-735” wherever it appears and substitute “the Latin
3 American Development Act, as amended”.

4 (b) Amend section 625(d), which relates to the em-
5 ployment of personnel, by striking out “twenty” in para-
6 graph (2) and substituting “thirty”.

7 (c) Amend section 626, which relates to experts, con-
8 sultants, and retired officers, by redesignating subsection (d)
9 as subsection (c).

10 (d) Amend section 630, which relates to terms of
11 detail or assignment, by inserting “benefits” after “travel
12 expenses,” in paragraphs (2) and (4).

13 (e) Amend section 631, which relates to missions and
14 staffs abroad, by adding the following new subsection:

15 “(d) In any case in which the cost of assistance pro-
16 grammed for any country under this Act for any fiscal year
17 does not exceed \$1,000,000, such assistance shall be ad-
18 ministered in such country under the direction of the Chief
19 of the United States Diplomatic Mission by the principal
20 economic officer of the mission in the case of assistance
21 under part I, and by the senior military officer of the mission
22 in the case of assistance under part II.”

23 (f) Amend section 635(g), which relates to general
24 authorities, by inserting “and sales” after “loans” in the
25 introductory clause.

1 (g) Amend section 636, which relates to provisions on
2 uses of funds, as follows:

3 (1) In subsection (e), strike out “section 2 of the Act
4 of July 31, 1894, as amended (5 U.S.C. 62)” and substitute
5 “section 301 of the Dual Compensation Act (5 U.S.C.
6 3105)”.

7 (2) In subsection (f), strike out “Act to provide for
8 assistance in the development of Latin America and in the
9 reconstruction of Chile, and for other purposes” and sub-
10 stitute “Latin American Development Act, as amended”.

11 (h) Amend section 637(a), which relates to administra-
12 tive expenses, by striking out “for the fiscal year 1965 not to
13 exceed \$52,500,000” and inserting after “part I” the words
14 “, \$55,240,000 for each of the fiscal years 1966 and 1967”.

15 (i) Amend section 638, which relates to Peace Corps
16 assistance, by striking out all beginning with “; or famine”
17 and substituting a period.

18 (j) Add the following new sections:

19 “SEC. 639. FAMINE AND DISASTER RELIEF.—No pro-
20 vision of this Act shall be construed to prohibit assistance to
21 any country for relief from famine or other natural disasters.

22 “SEC. 640. MILITARY SALES.—Except as otherwise
23 provided in part II of this Act, no provision of this Act shall
24 be construed to prohibit the sale, exchange, or the guaranty
25 of a sale, of defense articles or defense services to any friendly

1 country or international organization if the President shall
 2 have found, pursuant to section 503, that the assisting of
 3 such country or organization will strengthen the security of
 4 the United States and promote world peace.”

5 CHAPTER 3—MISCELLANEOUS PROVISIONS

6 SEC. 303. Chapter 3 of part III of the Foreign Assist-
 7 ance Act of 1961, as amended, which relates to miscellaneous
 8 provisions, is amended as follows:

9 (a) Amend section 642(a)(2), which relates to stat-
 10 utes repealed, by striking out “143,” and all beginning with
 11 “: Provided,” up to the semicolon.

12 (b) Amend section 644, which relates to definitions,
 13 as follows:

14 (1) In subsection (g), insert “, and not procured in
 15 anticipation of military assistance or sales requirements, or
 16 pursuant to a military assistance or sales order,” after
 17 “United States Government” and strike out “as grant
 18 assistance”.

19 (2) In subsection (m)(2), strike out “Such price shall
 20 be the same standard price” and substitute “Such standard
 21 price shall be the same price (including authorized reduced
 22 prices)”.

1 (3) Amend the paragraph following the numbered para-
2 graph (3) in subsection (m) as follows:

3 (A) in the first sentence, insert "and sales" after
4 "Military assistance".

5 (B) in the second proviso, strike out "by the mili-
6 tary assistance program".

7 (c) Amend section 645, which relates to unexpended
8 balances, by striking out "Public Law 86-735" and substi-
9 tuting "the Latin American Development Act, as amended".

10 (d) At the end thereof add the following new section:

11 "SEC. 649. LIMITATION ON AGGREGATE AUTHORIZA-
12 TION FOR USE IN FISCAL YEARS 1966 AND 1967.—Not-
13 withstanding any other provision of this Act, the aggregate
14 of the total amounts authorized to be appropriated for use
15 during each of the fiscal years 1966 and 1967 for furnishing
16 assistance and for administrative expenses under this Act
17 shall not exceed \$3,243,000,000 for each such year."

18 SEC. 304. Section 9 of the Foreign Service Buildings
19 Act, 1926, as amended (22 U.S.C. 300), is amended by in-
20 serting after the words "foreign countries" the words "or
21 for use in carrying out activities under part I of the Foreign
22 Assistance Act of 1961, as amended, in foreign countries".

1 *PART IV*
2 *PROGRAMS FOR FISCAL YEARS BEGINNING AFTER*
3 *JUNE 30, 1967*

4 *SEC. 401. The Foreign Assistance Act of 1961, as*
5 *amended, is amended by adding at the end thereof a new*
6 *part IV to read as follows:*

7 *“PART IV*
8 *“PROGRAMS FOR FISCAL YEARS BEGINNING AFTER*
9 *JUNE 30, 1967*

10 *“SEC. 701. TERMINATION OF EXISTING PROGRAMS.—*
11 *Notwithstanding any other provision of law, no assistance*
12 *shall be furnished pursuant to this Act or (except as required*
13 *pursuant to agreements entered into prior to June 30, 1967)*
14 *pursuant to title I of the Agricultural Trade Development*
15 *and Assistance Act of 1954, as amended, or any extension*
16 *thereof, to any country or area (or enterprise therein) subse-*
17 *quent to June 30, 1967.*

18 *“SEC. 702. PROPOSALS FOR FUTURE PROGRAMS.—*
19 *The President is requested to submit to the Congress, on or*
20 *before July 1, 1966, his recommendations, including legisla-*
21 *tive proposals designed to carry out such recommendations,*
22 *for such future foreign assistance programs as may be neces-*
23 *sary and appropriate in the national interest and taking into*
24 *account the principles set forth in section 703.*

1 “SEC. 703. PRINCIPLES TO BE TAKEN INTO AC-
2 COUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In
3 the formation and submission to the Congress of proposals
4 for foreign assistance for fiscal years beginning on or after
5 July 1, 1967, such proposals should include and be divided
6 into the following separate and distinct categories:

7 “(1) Assistance intended primarily for humani-
8 tarian purposes, including grants, loans, contributions,
9 or other aid to be made available for relief purposes
10 through international organizations or relief agencies,
11 or otherwise, and similar relief programs.

12 “(2) Assistance for development purposes (A) to
13 be extended only to countries in which progress is being
14 made toward respect for the rule of law, freedom of ex-
15 pression and of the press, and recognition of the im-
16 portance of individual freedom, initiative, and private
17 enterprise; and (B) to be in furtherance of sound plans
18 for economic and social growth to the end of developing
19 the resources of the recipient countries to make them
20 self-sufficient at the earliest possible date.

21 “(3) Assistance for political or contingency pur-
22 poses, to be extended to a limited number of countries or
23 areas, primarily for purposes of advancing or protecting
24 the mutual interests of the United States and the other

1 *countries or areas concerned, such as programs relating*
2 *to the creation of special relationships with recipient*
3 *countries, reinforcement of alliance-type relationships,*
4 *or other political or contingency purposes.*

5 *“(4) Military assistance to be furnished for pur-*
6 *poses that serve the military defense of the United States*
7 *as recommended by the Secretary of Defense, subject to*
8 *approval by the Secretary of State.*

9 *“(5) Assistance of the type now carried on under*
10 *the Agricultural Trade Development and Assistance Act*
11 *of 1954 through the use of surplus agricultural com-*
12 *modities. All proposals in this category shall be referred*
13 *to the Committee on Agriculture and Forestry of the*
14 *Senate and the Committee on Agriculture of the House of*
15 *Representatives.*

16 *“(b) The proposals referred to in subsection (a) should*
17 *also provide that after June 30, 1967, the total number of*
18 *countries receiving assistance referred to in paragraphs (2),*
19 *(3), and (4), of subsection (a) and assistance of the type*
20 *now carried on under title I of the Agricultural Trade De-*
21 *velopment and Assistance Act of 1954 should not exceed a*
22 *total of fifty.*

23 *“(c) In order to provide for better coordination of all*
24 *programs of United States assistance to foreign countries, and*
25 *for more efficient, economical, and effective administration*

1 of such programs, the proposals referred to in paragraphs
2 (1), (2), and (3) of subsection (a) should also include
3 provisions for unification, insofar as practicable, of the ad-
4 ministration of such programs under a single officer or
5 agency.

6 “(d) The proposals referred to in subsection (a) should
7 include recommendations as to (1) the extent to which as-
8 sistance should be furnished multilaterally or bilaterally and
9 (2) the extent to which it should be extended for programs
10 or for specific projects.

11 “(e) The proposals referred to in subsection (a) should
12 be based on an analysis and estimate of the funds required
13 by the developing nations of the world to close the widening
14 gap between the economically privileged nations and those
15 nations striving to achieve a developed economy. This
16 analysis should examine the relationship between develop-
17 ment requirements and the economic growth, including the
18 rising gross national product of the United States, assessing
19 the percentage thereof that should be devoted to such develop-
20 ment assistance. The proposals should include an assessment
21 of the role that economic assistance by the United States and
22 other developed nations can and should play in the economic
23 and social development of the rest of the world, and carefully
24 delineate policies and programs required to fulfill this role.

25 “SEC. 704. TEMPORARY PLANNING COMMITTEE ES-

1 *ESTABLISHED.—(a) There is hereby created a Foreign Aid*
2 *Planning Committee (hereinafter referred to as the ‘Com-*
3 *mittee’) which shall consist of sixteen members to be selected*
4 *as follows:*

5 “(1) Four members to be appointed by the
6 President;

7 “(2) Four members of the Committee on Foreign
8 Relations of the Senate, to be designated by the Vice
9 President;

10 “(3) Four members of the Committee on Foreign
11 Affairs of the House of Representatives, to be designated
12 by the Speaker of the House of Representatives;

13 “(4) Two members of the Committee on Agriculture
14 and Forestry of the Senate, to be designated by the Vice
15 President;

16 “(5) Two members of the Committee on Agricul-
17 ture of the House of Representatives, to be designated by
18 the Speaker of the House of Representatives.

19 *The Committee shall select a Chairman and Vice Chair-*
20 *man from among its members.*

21 “(b) It shall be the duty of the Committee (1) to make
22 such studies and investigations as may be necessary to enable
23 it to make recommendations to the President and to the Con-
24 gress concerning the proposals referred to in section 703(a),
25 and (2) to provide the President, or such officer or agency as

1 the President may designate, with such assistance as the
2 President or such officer or agency may request in the for-
3 mulation of such proposals.

4 “(c) The Committee is authorized to appoint and fix
5 the compensation of such secretarial, clerical, and other staff
6 assistants as may be necessary to enable it to perform its
7 functions, and to procure, without regard to the civil service
8 laws and the Classification Act of 1949, as amended, tem-
9 porary and intermittent services to the same extent as is
10 authorized for the departments by section 15 of the Act of
11 August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates
12 not to exceed \$100 per diem for individuals.

13 “(d) Members of the Committee appointed under sub-
14 section (a)(1) who are not otherwise employed by the
15 United States shall be paid compensation at the rate of
16 \$100 per diem while engaged in the work of the Committee,
17 and shall be reimbursed for travel and other necessary ex-
18 penses incurred while so engaged, including per diem in
19 lieu of subsistence, as authorized by law (5 U.S.C. 73b-2)
20 for persons in the Government service employed inter-
21 mittently.

22 “(e) The Committee may, for the purpose of carrying
23 out the provisions of this section, hold such hearings and
24 sit and act at such times and places, administer such oaths,

1 and require by subpoena or otherwise the attendance and
2 testimony of such witnesses and the production of such
3 books, records, correspondence, memorandums, papers, and
4 documents as the Committee may deem advisable. Sub-
5 penas may be issued under the signature of the Chairman of
6 the Committee and may be served by any person designated
7 by the Chairman. The provisions of sections 102 to 104,
8 inclusive, of the Revised Statutes (2 U.S.C. 192-194),
9 shall apply in the case of any failure of any witness to comply
10 with any subpoena or to testify when summoned under
11 authority of this subsection.

12 “(f) Each department and agency of the Government
13 shall furnish to the Committee, upon its request, such infor-
14 mation or other assistance as may be necessary to enable it
15 to carry out its functions.

16 “(g) The Committee shall from time to time transmit
17 to the President, and to the Committee on Foreign Relations
18 of the Senate and the Speaker of the House of Representa-
19 tives, reports of its activities, including its recommendations,
20 and shall file its final report on or before January 3, 1967.
21 Upon the filing of its final report, the Committee shall cease
22 to exist.

23 “(h) There shall be made available to the Committee

- 1 *out of sums appropriated pursuant to this Act such amounts,*
- 2 *not to exceed an aggregate of \$400,000, as the Committee*
- 3 *deems necessary to enable it to carry out its functions.”*

Passed the House of Representatives May 25, 1965.

Attest:

RALPH R. ROBERTS,

Clerk.

Passed the Senate with an amendment June 14, 1965.

Attest:

FELTON M. JOHNSTON,

Secretary.

89TH CONGRESS
1ST Session

H. R. 7750

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 14, 1965

Ordered to be printed with the amendment of the Senate

AN ACT

To amend the Act relating to the
of 1900, in relation to the
of the

It is the purpose of this Act to

Section 1

Enacted at the Session of the Legislature of the State of New York, in the year of our Lord one thousand nine hundred and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C. 20250
Official Business Postage and Fees Paid
U. S. Department of Agriculture

Issued June 18, 1965
For actions of June 17, 1965
89th-1st; No. 110

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HIGHLIGHTS: House committee voted to report public works-economic development bill. Sen. McGovern introduced and discussed bill to provide food for peaceful development program.

SENATE

1. EXCISE TAXES. Both Houses agreed to the conference report on H. R. 8371, to reduce or repeal certain excise taxes. This bill will now be sent to the President. pp. 13572-80, 13462-6
2. WOOL SUPPORTS. Sen. Moss objected to "a proposal from the Department of Agriculture for a sliding scale system of support payments to woolgrowers." p. 13521
3. SALT-WATER RESEARCH. Sen. Mansfield spoke in favor of S. 24, providing for additional research on changing salt water to fresh water. pp. 13520-1
4. RECLAMATION. Passed as reported S. 32, to authorize the Southern Nevada Water Project. pp. 13513-15
5. WILDERNESS. Sen. McGovern inserted an article favoring S. 107, to include the

Lincoln Back Country in the wilderness system. p. 13522

6. LIVESTOCK MARKETING. Sen. McGovern inserted a speech on the importance of the livestock terminal markets. pp. 13568-9
7. LEGISLATIVE ACCOMPLISHMENTS. Majority Leader Mansfield commended congressional accomplishments so far this year and inserted a summary of the actions. pp. 13536-40
8. D. C. APPROPRIATION BILL, H. R. 6453, was made the unfinished business. pp. 13565-6
9. ADJOURNED until Mon., June 21. p. 13594

HOUSE

10. PUBLIC WORKS; ECONOMIC DEVELOPMENT. The "Daily Digest" states that the Public Works Committee on June 16 voted to report (but did not actually report) S. 1648 (amended), the proposed Public Works and Economic Development Act of 1965. p. D544
A subcommittee of the Public Works Committee voted to report to the full committee H. R. 6790 (amended), to increase the limitation on emergency relief for the repair or reconstruction of highways under 23 U.S.C. 125. p. D544
11. APPROPRIATIONS. The Appropriations Committee reported H. R. 9220, the public works appropriation bill, 1966 (H. Rept. 527), and H. R. 9221, the Defense Department appropriation bill, 1966 (H. Rept. 528). p. 13496
12. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 8469, to provide certain increases in annuities payable from the civil service retirement and disability fund (H. Rept. 529). p. 13496
13. FOREIGN AID. Conferees were appointed on H. R. 7750, the foreign aid authorization bill (p. 13461). Senate conferees had already been appointed.
Rep. Morgan inserted an article, "Government Charges 23 Concerns Diverted \$13.7 Million of Grains Aimed for Austria," which states the "Government is seeking damages and penalties of about \$3 million" and commended USDA for its part in this investigation. pp. 12493-4
14. FARM LABOR. Rep. Talcott stated that the "'A-team' program being promoted by the Department of Labor--squads of high school students with little or no training in farmwork--has not yet been helpful; in fact, it has been detrimental." p. 13482
15. CIVIL RIGHTS. Rep. Fraser commended USDA on the implementation of title VI of the Civil Rights Act and praised Secretary Freeman for "his efforts to fully enforce the law of the land." pp. 13483-5
16. LEGISLATIVE PROGRAM. Rep. Albert announced that on Mon. H. R. 8620, to provide diversion payments on acreage affected by disaster, and S. 1796, assistance for disaster victims, will be brought up under suspension of the rules; and on Tues. and the balance of the week the House will consider the public works, the defense appropriation bills, and the cigarette labeling bill. p. 13462
17. ADJOURNED until Mon., June 21. p. 13495



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 89th CONGRESS, FIRST SESSION

Vol. 111

WASHINGTON, THURSDAY, JUNE 17, 1965

No. 110

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., prefaced his prayer with these words of Scripture: Galatians 5: 13: *By love serve one another.*

Almighty God, we worship and adore Thee as the goal of all our aspirations and the Supreme Ruler of the Universe.

When we think of the achievements of our intrepid and heroic astronauts, who have added new luster to the fame of our beloved country, we bow before Thee in wonder and humility.

We look for the dawning of a time when mankind shall reach upward to a fuller and more expanding spiritual life, giving itself in new vows of loyalty to Thy divine will and ways.

May we aspire to the ascending spiritual life that is free of the fallacies and fatigues of the temporal and earthly, and where truth is more vivid and love more real and our fellowship is happy in its dreams and realizations.

For this kind of a life may we have more sympathy and compassion, more love and good will in our hearts so that the Great Society which we are building shall not be something that is merely visionary, but a blessed reality.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3165. An act to authorize the establishment of the Pecos National Monument in the State of New Mexico, and for other purposes; and

H.R. 8464. An act to provide, for the period beginning on July 1, 1965, and ending on June 30, 1966, a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act.

The message also announced that the Senate agrees to the report of the com-

mittee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7717) entitled "An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and administrative operations, and for other purposes."

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 24. An act to expand, extend, and accelerate the saline water conversion program conducted by the Secretary of the Interior, and for other purposes;

S. 26. An act to authorize the Secretary of the Interior to acquire lands for, and to develop, operate, and maintain, the Golden Spike National Historic Site;

S. 559. An act to regulate the labeling of cigarettes, and for other purposes;

S. 998. An act to amend section 4 of the Fish and Wildlife Act of 1956 to authorize the Secretary of the Interior to make loans for the financing and refinancing of new and used fishing vessels, and to extend the term during which the Secretary can make fisheries loans under the act;

S. 1065. An act to authorize the Secretary of the Interior to acquire through exchange the Great Falls property in the State of Virginia for administration in connection with the George Washington Memorial Parkway, and for other purposes;

S. 1285. An act to provide for the conveyance to Pima and Maricopa Counties, Ariz., and to the city of Albuquerque, N. Mex., of certain lands for recreational purposes under the provisions of the Recreation and Public Purposes Act of 1926;

S. 1582. An act to amend the act authorizing the Mann Creek Federal reclamation project, Idaho, in order to increase the amount authorized to be appropriated for such project (act of August 16, 1962, 76 Stat. 388);

S. 1761. An act to authorize the Secretary of the Interior to construct, operate, and maintain a third powerplant at the Grand Coulee Dam, Columbia Basin project, Washington, and for other purposes; and

S. Con. Res. 36. Concurrent resolution expressing the sense of the Congress with respect to the 20th anniversary of the United Nations during International Cooperation Year, and for other purposes.

FILING OF REPORT FROM COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. DANIELS. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service may have until midnight tonight to file a report on the bill H.R. 8469.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF THE RECORD

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the remarks I made on yesterday follow those of the gentleman from New York [Mr. STRATTON] in the permanent RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AMENDING THE FOREIGN ASSISTANCE ACT OF 1961

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none and appoints the following conferees: Messrs. MORGAN, HAYS, O'HARA of Illinois, ADAIR, MAILLIARD, FRELINGHUYSEN, and Mrs. KELLY.

DEDICATION OF ASSEMBLY ROOM OF INDEPENDENCE HALL

Mr. BARRETT. Mr. Speaker, I call up House Resolution 426 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Speaker of the House of Representatives is authorized to appoint

eight Members of the House of Representatives as a delegation to attend the dedication of the historic Assembly Room of Independence Hall, to be held in Philadelphia, Pennsylvania, on June 28, 1965, at the invitation of the city of Philadelphia, and to designate the chairman of said delegation.

SEC. 2. The expenses of the delegation shall not exceed \$1,000 and shall be paid from the contingent fund of the House upon vouchers signed by the chairman of the delegation and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM FOR WEEK OF JUNE 21, 1965

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I ask for this time for the purpose of inquiring of the majority leader as to the program and schedule for next week.

Mr. ALBERT. Mr. Speaker, will my distinguished friend yield to me?

Mr. GERALD R. FORD. I will be glad to yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, the program for the week of June 21 is as follows:

Monday is Constant Calendar day. There are six suspensions as follows: H.R. 2263, Correctional Rehabilitation Study Act of 1965; H.R. 7743, National Vocational Student Loan Insurance Act of 1965; H.R. 6097, providing penalties for the assassination of the President; H.R. 8620, to permit farmers in disaster areas to comply with acreage reduction agreements; S. 1796, assistance for disaster victims; House Concurrent Resolution 416, Baltic States resolution.

For Tuesday and the balance of the week, the public works appropriations for 1966, the defense appropriations for 1966, and H.R. 3014, Federal Cigarette Labeling and Advertising Act, which comes up under an open rule with 3 hours of general debate.

This announcement, of course, is made subject to the usual reservation that conference reports may be brought up at any time and any further program will be announced later.

Mr. GERALD R. FORD. Will the distinguished majority leader advise the House as to whether or not we are going over today until Monday?

Mr. ALBERT. Yes. If the gentleman will yield further, we have only a conference report and one other matter to dispose of on our legislative program for this week.

Accordingly, Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like to ask the distinguished majority leader if there is any substance to the report that there might be a recess or adjournment of the House for a couple of weeks in connection with the Independence Day celebration?

Mr. ALBERT. I advise the gentleman that if there is, I have no knowledge of it.

Mr. GROSS. No knowledge of it?

Mr. ALBERT. None whatever. I would advise the gentleman that it would seem almost impossible that we would have 2 weeks recess at that time in view of the legislative program.

Mr. GROSS. I did not think there was a single thing that was impossible around here, after the experience of the last few months.

Mr. ALBERT. We are entitled to a lot of credit, but not as much as the gentleman is giving us.

Mr. GROSS. I ask the gentleman, if there is no Independence Day recess, will the T and T Club be in operation?

Mr. ALBERT. The gentleman will have to take that up with the officials of that "club."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

AUTHORITY TO ACT DURING ADJOURNMENT OVER UNTIL MONDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS NEXT WEEK

Mr. ALBERT. Mr. Speaker I ask unanimous consent that Calendar Wednesday business may be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

RECESS TO RECEIVE THE ASTRONAUTS

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman from Oklahoma tell the House what the plans are for today, as far as taking a recess and reconvening are concerned?

Mr. ALBERT. Yes; we hope to dispose of the conference report on the excise bill and another bill which the gentleman from Arkansas advised yesterday would be called up today under a unanimous-consent request. The House will recess shortly thereafter. We expect the astronauts here on the floor about 2:30 this afternoon.

May I advise the Members, Mr. Speaker, that we expect there may be rollcalls

on one or more of the suspensions which have been announced for next week; also that these suspensions may not be called up in the order in which they are listed.

EXCISE TAX REDUCTION ACT OF 1965

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 8371) to reduce excise taxes, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 16, 1965.)

Mr. MILLS. Mr. Speaker, preliminary to an actual discussion of what is contained in the conference report, permit me to take time to call attention to the fact that we are presenting a conference report on the Excise Tax Reduction Act of 1965 today, exactly 30 days following the receipt of the request for such action by the Congress from the President of the United States.

Mr. Speaker, I mention this only to point out that when the Congress desires to act expeditiously with respect to matters of this sort, it seems clear that the Congress can so act. I do not recall, I must admit, however, that since I have been chairman of the Committee on Ways and Means at least, that we have acted quite this expeditiously with respect to all and sundry tax proposals that have been submitted to us; but, at least, it seems that the Congress has improved insofar as this particular bill is indicative.

Now, Mr. Speaker, there are about five principal matters which I believe deserve attention at this point with respect to the conference report. I will, of course, before concluding include a more detailed explanation of all substantive changes.

As the bill passed the House the Members will recall that it involved a loss of revenue of approximately \$2.169 billion for the fiscal year 1966. Under the conference version now before us, the corresponding figure is \$2.189 billion. However, it is estimated, in fiscal 1966 the figure, after "feedback," will be approximately \$1.8 billion.

Mr. Speaker, I will now summarize the five principal matters involved here, and then include a more detailed explanation.

First of all, the committee decided that it would work a hardship on retail, manufacturing, and wholesale businesses if a bill was passed with an effective date for the reductions in these rates at the close of business on June 30 and the bill was enacted and then signed by the President a week or 10 days or 2 weeks ahead of that effective date.

Mr. Speaker, the Senate Finance Committee changed the effective date for the reductions that the House passed but had designated for July 1, 1965, on articles sold in retail and those involving the

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

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For actions of August 17, 1965
89th-1st.; No. 151

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HIGHLIGHTS: House debated farm bill. ^{Rep.} Cooley inserted proposed wheat and cotton amendments. Conferees agreed to file report on foreign aid authorization bill. Rep. Selden inserted President's speech proposing elimination of import fee on Latin American sugar. Rep. Cooley introduced Sugar bill. Senate debated bill to expand poverty program. Sen. Young, N. Dak., inserted article critical of shipping restrictions on wheat. Sen. Dirksen discussed U. S. opportunity for expansion of meat exports. Sen. Brewster urged continuation of milk indemnity program.

HOUSE

1. FARM PROGRAM. Began debate on H. R. 9811, the farm bill (pp. 19932-78, 20024-5). Rep. Cooley stated that he intended to propose an amendment on wheat to provide that CCC shall bear a portion of the cost of domestic marketing certificates required for wheat used in the manufacture of food products equal to the amount by which price support for wheat accompanied by domestic certificates exceeds \$2 per bushel (p. 19934). Rep. Cooley inserted amendments to be offered to the cotton title of the bill and an explanatory

statement stating that the amendments:

Would permit the transfer of released acreage across county lines within the State, as is permitted under present law.

Would permit the planting of unlimited acreage to cotton while foregoing program benefits only on farms which had an acreage allotment for 1965 and which were operated by the same farm operator or his heir. An operator who chose to overplant his acreage allotment on one farm could not participate in the program on any other farm in which he had a controlling or substantial interest.

Provides that farmers who receive reapportioned acreage would receive price support payments on the farm domestic acreage allotment computed without regard to reapportioned acreage. The rate of price support payments on such domestic acreage allotment would reflect payments for diverted acres. Farmers would continue to receive 9 cents per pound in 1966 for the domestic allotment portion of reapportioned acres but would not receive payment for diversion of any such acres.

Would provide that a cooperator for purposes of the bill would only have to divert 15 per centum of the farm acreage allotment determined before any acreage is reapportioned to the farm.

Would limit the applicability of section 408 of the bill so that transfers could be approved during the 4-year period 1966-69 but transfers so approved could continue in effect beyond such period.

Would limit the total cotton allotment which may be transferred by sale or lease to any farm to an acreage not to exceed 100 acres above the 1965 farm acreage allotment excluding acreage reapportioned to the farm for 1965 (pp. 19977-8).

2. FOREIGN AID. The "Daily Digest" states that conferees agreed to file a conference report on H. R. 7750, the foreign aid authorization bill. p. D806

Rep. Selden inserted the President's remarks commending the Alliance for Progress on its fourth anniversary in which he stated he was proposing to Congress the elimination of the special import fee on sugar "so the full price will go to the Latin American producers." pp. 19978-80

Several Representatives commended the Alliance for Progress on its fourth anniversary. pp. 19993-20008, 20044-5

3. DATA PROCESSING. The Government Operations Committee reported with amendment H. R. 4845, to provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal agencies (H. Rept. 802). p. 20046

4. SUGAR. Received from this Department a proposed bill to amend and extend the provisions of the Sugar Act of 1948; to Agriculture Committee. p. 20046

5. RECREATION. Concurred in the Senate amendments to H. R. 89, to authorize establishment of the Delaware Water Gap National Recreation Area. This bill will now be sent to the President. p. 19921

Rep. Edmondson inserted the report of the Committee on Recreation and Wildlife of the National Rivers and Harbors Congress. p. 19990

6. EDUCATION. The Rules Committee reported a resolution for consideration of H. R. 9567, the proposed Higher Education Act of 1965. pp. 19938-20046

DIGEST of Congressional Proceedings

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WASHINGTON, D. C. 20250
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HIGHLIGHTS: House debated farm bill. House received conference reports on Foreign Aid authorization bill. State-Justice-Commerce-Judiciary appropriation bill. Senate debated bill to expand poverty program. Sen. Moss introduced and discussed sugar bill.

HOUSE

1. FARM PROGRAM. Continued debate on H. R. 9811, the farm bill. pp. 20139-88, 20219-20
- Agreed to an amendment by Rep. Poage to the cotton title of the bill which he stated would allow reapportioned cotton acres to cross county lines; limit the right of open-ended production to those who are presently growing cotton and who have an allotment; provide that all cotton farm under one ownership must have the same status with regard to receipt of payments; and provide that payments on farms receiving reallocated acres shall be based on the domestic allotment as all payments are based. pp. 20175-88

Rejected the following amendments:

- By Rep. O'Brien, 89 to 105, which he stated would make clear that a bona fide farmer, engaged in selling milk at retail in his State, or within a Federal milk marketing area, or in the vicinity of his farm, shall not be subject to the provisions of the Agricultural Adjustment Act of 1937. pp. 20142-54
- By Rep. Findley, to provide that the support price for shorn wool shall not be lower than 75 percent of parity (rather than 77 percent as provided in the bill. pp. 20154-9
- By Rep. Quie, 35 to 76, which he stated would provide that "the 100 percent of support for payment in kind for feed grains would remain for that marketing year." pp. 20164-6
- By Rep. Findley, 28 to 78, to provide that feed grain certificates redeemed by CCC shall be valued at not less 105 percent of the current support price (rather than current support price). p. 20166
- By Rep. Findley, 52 to 66, to reduce the period of authority for the feed grains program from 4 years to 2 years. pp. 20166-7
- By Rep. Michel, 43 to 79, to provide that total diversion and price support payments on feed grain acreage to any producer shall not exceed 20 percent of the fair market value of the acreage diverted by such producer. p. 20167
- By Rep. Quie, to strike out of the cotton title of the bill the provision for sale and lease of allotments. pp. 20170-5
- Rep. Divine inserted a speech by Ronald Reagan discussing various subjects, including criticism of the farm program. pp. 20197-200

2. FOREIGN AID. Received the conference report on H. R. 7750, the foreign aid authorization bill (H. Rept. 811)(pp. 20132-9). As reported the bill extends the foreign aid program for one year and limits the aggregate appropriation authorization to \$3,360,000,000. Also, it prohibits the sale of surplus agricultural products under Public Law 480 to the United Arab Republic unless the President determines that such sale is essential to the national interest. Rep. Ottinger commended the extent to which American business has become involved in the foreign aid program and inserted an article, "Foreign Aid Wins Business Favor." p. 20219
- Rep. Schmidhauser inserted an article, "Wrapping Up United States Aid to China," reviewing and commending economic assistance to the Republic of China on Taiwan, including assistance under Public Law 480. pp. 20221-3
3. STATE-JUSTICE-COMMERCE-JUDICIARY APPROPRIATION BILL. Received the conference report on this bill, H. R. 8639 (H. Rept. 807)(pp. 20131-2). This bill includes items for contributions to international organizations and for the Bureau of Public Roads for the Federal highway program, including forest highways.
4. HOUSING. Conferees were appointed on H. R. 6927, to provide for the establishment of a Department of Housing and Urban Development (p. 20132). Senate conferees have not yet been appointed.
5. LABOR STANDARDS. The "Daily Digest" states that the Education and Labor Committee voted to report (but did not actually report) "H. R. 10518, regarding Fair Labor Standards Act Amendments." p. D813

CONFERENCE REPORT

ON

FOREIGN ASSISTANCE ACT OF 1965

H.R. 7750

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF
1961, AS AMENDED, AND FOR OTHER PURPOSES



AUGUST 18, 1965.—Ordered to be printed.

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FOREIGN ASSISTANCE ACT OF 1965

AUGUST 18, 1965.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 7750]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Foreign Assistance Act of 1965"*.

PART I

CHAPTER 1—POLICY

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

(a) Strike out the last sentence in the seventh paragraph and substitute the following: *"It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts."*

(b) Add at the end thereof the following new paragraph:

"It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not

be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 205, which relates to the use of the facilities of the International Development Association, to read as follows:

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

(b) Add the following new section:

"SEC. 206. REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development."

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Amend section 212, which relates to authorization, by striking out "1965" and "\$215,000,000" and substituting "1966" and "\$210,000,000", respectively.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) Amend subsection (b) by striking out "treatment, education," and substituting "education".

(2) Amend subsection (c) by striking out "1965, \$18,000,000" and substituting "1966, \$7,000,000".

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

“(b) The President may issue guaranties to eligible United States investors—”.

(2) In paragraph (1), strike out “\$2,500,000,000” and substitute “\$5,000,000,000”.

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out “, and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000”.

(B) In the third proviso, immediately after “\$300,000,000” insert the following: “, and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$175,000,000”.

(C) In the fourth proviso, strike out “1966” and substitute “1967”.

(b) Amend section 221(c), which relates to general authority, as follows:

(1) Strike out “actual earnings or profits” and substitute “earnings or profits actually accrued”.

(2) Immediately after “guaranty” the third time it appears, insert “of an equity investment”.

(c) Amend section 222(b), which relates to general provisions, by inserting after “(exclusive of informational media guaranties),” the words “and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties,”.

(d) Amend section 223, which relates to definitions, as follows:

(1) In subsection (a), strike out “and” at the end thereof and in subsection (b) strike out the period and substitute “; and”.

(2) Add the following new subsection (c):

“(c) the term ‘eligible United States investors’ means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: Provided, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners.”

(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

“SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

“(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

“(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

“(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

“(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

“(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

“(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

“(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$400,000,000: Provided, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That this authority shall continue until June 30, 1967.”

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended by inserting immediately after “fiscal year 1965” the following: “and \$75,000,000 in fiscal year 1966”.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

(a) Amend section 301(c), which relates to assistance for Palestine refugees in the Near East, by adding at the end thereof the following: “Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000.”

(b) Amend section 302, which relates to authorization, by striking out “1965” and “\$134,272,400” and substituting “1966” and “\$144,755,000”, respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out in the first sentence "1965" and "\$405,000,000" and substituting "1966" and "\$369,200,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) as follows:

(1) Strike out "1965" and "\$150,000,000" and substitute "1966" and "\$50,000,000", respectively.

(2) Add the following new sentence: "In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act."

(b) Amend subsection (b) by striking out "this section" and substituting "the first sentence of subsection (a)".

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 503(b), which relates to general authority, by striking out the words "in foreign countries".

(b) Amend section 504, which relates to authorization, by striking out "1965" and "\$1,055,000,000" in the first sentence and substituting "1966" and "\$1,170,000,000", respectively.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: " , or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort."

(2) Strike out subsection (b) and redesignate the proviso of subsection (a) as subsection (b).

(3) In redesignated subsection (b), strike out "Provided, That except" and substitute "Except"; strike out "or (2)" and substitute " , or (2) for civic action assistance, or (3)".

(d) Amend section 507, which relates to sales, as follows:

(1) In subsection (a), insert the following new sentence between the second and third sentences: "Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization."

(2) In subsection (b), strike out the period at the end of the first proviso, substitute a colon and add the following: "Provided further, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization."

(e) Amend section 508, which relates to reimbursement as follows:

(1) After "this part" the first time it appears, insert "have been or".

(2) After "United States Government," the first time it appears insert "receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected".

(3) Strike out "the current applicable appropriation" and substitute "a separate fund account".

(4) Strike out "furnishing further military assistance on cash or credit terms" and substitute "financing sales and guaranties, including the overhead costs thereof".

(f) Amend section 509(b), which relates to exchanges and guaranties, by inserting "(excluding contracts with any agency of the United States Government)" in the second sentence between the last word thereof and the period.

(g) Amend section 510(a), which relates to special authority, as follows:

(1) In the first sentence strike out "1965" and substitute "1966".

(2) In the second sentence, strike out "1965" and substitute "1966".

(h) Amend section 511, which relates to restrictions on military aid to Latin America, as follows:

(1) In subsection (a), strike out "a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense", .

and insert "\$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States"; and amend the proviso to read as follows: "Provided, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$55,000,000 limitation provided by this subsection".

(2) Amend subsection (b) to read as follows:

"(b) To the maximum extent feasible, military assistance shall be furnished to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit semiannual reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection."

(i) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out "programs described in section 505(b) of this chapter" and substitute "civic action requirements".

(2) Strike out "1965" and substitute "1966".

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out "ITEMS" and substitute "CERTAIN ITEMS AND FUNDS".

(2) Add the following new subsections:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose."

(b) Amend section 612, which relates to use of foreign currencies, by redesignating subsection (c) as subsection (b), and by striking out the first sentence of the second paragraph of such subsection and by adding at the end thereof the following new paragraph:

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the

administrative official approving the voucher certifies as to the reason for the use of dollars in each case."

(c) Amend section 613, which relates to foreign currencies, as follows:

(1) Strike out the section heading and substitute the following: "ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES".

(2) Add the following new subsection:

"(d) In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories: Provided, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: Provided further, That the Secretary of State, or his delegate, shall promptly make a complete report to the Congress on each such determination and the reasons therefor."

(d) Amend section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, as follows:

(1) Amend the section heading to read as follows:

"PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—".

(2) Amend subsection (e)(2), which relates to the act of state doctrine, by inserting after the words "other right" each time they appear the words "to property", and by striking out ", or (3) in any case in which the proceedings are commenced after January 1, 1966".

(3) In section 620(l), which relates to the prohibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsections:

"(n) In view of the aggression of North Vietnam, the President shall consider denying assistance under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

"(o) In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in

international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) Amend section 622, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), immediately after "military assistance" insert "(including any civic action and sales program)".

(2) In subsection (c), immediately after "military assistance program" insert "(including any civic action and sales program)".

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (b), strike out "paragraph (3) of" and "of the officers provided for in paragraphs (1) and (2) of that subsection", and substitute for the latter "of one or more of said officers".

(2) In subsection (d), strike out "Public Law 86-735" wherever it appears and substitute "the Latin American Development Act, as amended".

(c) Amend section 625(d), which relates to the employment of personnel, by striking out "twenty" in paragraph (2) and substituting "forty".

(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

(e) Amend section 630, which relates to terms of detail or assignment, by inserting "benefits" after "travel expenses," in paragraphs (2) and (4).

(f) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection:

"(d) Wherever practicable, especially in the case of the smaller programs, assistance under this Act shall be administered under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II."

(g) Amend section 635(g), which relates to general authorities, by inserting "and sales" after "loans" in the introductory clause.

(h) Amend section 636, which relates to provisions on uses of funds, as follows:

(1) In subsection (e), strike out "section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)" and substitute "section 301 of the Dual Compensation Act (5 U.S.C. 3105)".

(2) In subsection (f), strike out "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes" and substitute "Latin American Development Act, as amended".

(i) Amend section 637(a), which relates to administrative expenses, by striking out "1965" and "\$52,500,000" and substituting "1966" and "\$54,240,000", respectively.

(j) Amend section 638, which relates to Peace Corps assistance, by striking out all beginning with "; or famine" and substituting a period.

(k) Add the following new sections:

"*SEC. 639. FAMINE AND DISASTER RELIEF.*—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

"*SEC. 640. MILITARY SALES.*—Except as otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace."

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Amend section 642(a)(2), which relates to statutes repealed, by striking out "143," and all beginning with "": Provided," up to the semicolon.

(b) Amend section 644, which relates to definitions, as follows:

(1) In subsection (g), insert "and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order," after "United States Government" and strike out "as grant assistance".

(2) In subsection (m)(2), strike out "Such price shall be the same standard price" and substitute "Such standard price shall be the same price (including authorized reduced prices)".

(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

(A) In the first sentence, insert "and sales" after "Military assistance".

(B) In the second proviso, strike out "by the military assistance program".

(c) Amend section 645, which relates to unexpended balances, by striking out "Public Law 86-735" and substituting "the Latin American Development Act, as amended,".

(d) At the end thereof add the following new section:

"*SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEAR 1966.*—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during the fiscal year 1966 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,360,000,000."

CHAPTER 4—AMENDMENT TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

"No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and

the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act."

And the Senate agree to the same.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
BARRATT O'HARA,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
MIKE MANSFIELD,
BOURKE B. HICKENLOOPER,
GEORGE AIKEN,
FRANK CARLSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment, which is a substitute for both the text of the House bill and the text of the Senate amendment, and that the Senate agree to the same.

Except for clerical and minor drafting changes, the differences between the House bill and the substitute agreed to in conference are noted below.

AUTHORIZATION OF FUNDS

The following table shows the differences between the House bill and the Senate amendment, the sums agreed to by the committee of conference and the administration appropriation request for programs authorized in this bill and in existing law:

Foreign Assistance Act of 1965 (fiscal year 1966)

[In thousands]

	(1) Executive appropriation request	(2) House	(3) Senate	(4) Conference	(2) and (4) Adjustment against House bill	(3) and (4) Adjustment against Senate amendment
Development Loan Fund.....	¹ \$780,250	(1)	(1)	(1)		
Technical cooperation and de- velopment grants.....	210,000	\$210,000	\$210,000	\$210,000		
For southeast Asia ²	² 9,000	(2)	² 9,000	(2)	(2)	² - \$9,000
American schools and hos- pitals abroad.....	7,000	7,000	9,000	7,000		-2,000
Alliance for Progress ³	³ 580,125	(3)	(3)	(3)		
Grants.....	(85,000)	(85,000)	(70,000)	(75,000)	(-\$10,000)	(+5,000)
International organizations and programs.....	145,555	144,755	146,455	144,755		-1,700
Supporting assistance.....	369,200	369,200	350,000	369,200		+19,200
For southeast Asia ²	² 80,000	(2)	² 80,000	(2)	(2)	² -80,000
Contingency fund ²	50,000	² 50,000	50,000	50,000		
Special authorization for southeast Asia ²	(2)	(2)	(2)	² 89,000	² +89,000	² +89,000
Military assistance.....	1,170,000	1,170,000	1,170,000	1,170,000		
Administrative expenses: AID.....	55,240	53,240	55,240	54,240	+1,000	-1,000
State Department.....	⁴ 3,100	(4)	(4)	(4)		
Total.....	3,459,470	2,004,195	2,079,695	2,094,195	+90,000	+14,500

¹ Existing law authorizes an appropriation of \$1,500,000,000 for fiscal year 1966, plus unappropriated portions of amounts authorized for fiscal years 1962-65. The Executive request for fiscal year 1966 is \$780,250,000.

² The House bill contained an authorization for an appropriation for military and economic programs in southeast Asia of such sums as may be necessary in fiscal year 1966. This was added to the section of the law relating to the contingency fund. The Senate amendment added \$9,000,000 to the authorization for technical cooperation and \$80,000,000 to the authorization for supporting assistance to reflect the Executive request of \$89,000,000 for use in southeast Asia. The conferees agreed to a special authorization of \$89,000,000 for southeast Asia under the contingency fund.

³ Existing law authorizes an appropriation of \$600,000,000 for fiscal year 1966 against which the Executive has requested an appropriation of \$580,125,000. Neither the House bill nor the Senate amendment made any change in the total authorization for the Alliance for Progress for fiscal year 1966.

⁴ Existing law contains a continuing authorization for such sums as necessary. The Executive has requested an appropriation of \$3,100,000.

Note.—The Senate amendment contained a limitation on the aggregate authorization for use in fiscal year 1966 of \$3,243,000,000. The conferees agreed to a limitation of \$3,360,000,000. See pp. 24-25.

RECAPITULATION

Total amount of new authorizations contained in H.R. 7750.....	\$2,094,195,000
Appropriations requested against previous authorizations:	
Development Loan Fund.....	\$780,250,000
Alliance for Progress.....	580,125,000
State Department administrative expenses.....	3,100,000
	1,363,475,000
Total authorized and requested for fiscal year 1966.....	3,457,670,000
Limitation on aggregate authorization for fiscal year 1966 (see pp. 24-25).....	3,360,000,000
Reduction below total authorized and requested for fiscal year 1966.....	97,670,000
Reduction below Executive request.....	99,470,000

USE OF EXCESS PROPERTY—SECTION 101 (SENATE—SEC. 101(A))

The Senate amendment added a sentence to section 102 of the act—statement of policy—expressing the sense of the Congress that in furnishing assistance under this part, excess personal property should be utilized wherever practicable in lieu of the procurement of new items for U.S.-assisted projects and programs.

A sentence already in the statement of policy dealing with this matter was modified by changing the phrase “excess property” to “excess personal property.”

The House bill contained no language dealing with this subject.

The managers on the part of the House accepted the Senate language, except that the insertion of the word "personal" in the last sentence of the paragraph in the existing statement of policy was deleted.

The managers for the House are convinced that Congress already has indicated that it favors the use of excess property in lieu of the procurement of new items in carrying out the foreign aid program, and that a further and stronger statement of congressional intent on this subject would be desirable. They did not regard the reference to "excess personal property," rather than retention of the phrase "excess property," as adding anything to the meaning.

CHANNELING ASSISTANCE THROUGH MULTILATERAL PROGRAMS AND
INTERNATIONAL ORGANIZATIONS—SECTION 102(a) (SENATE—SECS.
101(b) AND 102(c))

Section 101(b) of the Senate amendment included a statement that Congress urges that an increasing proportion of U.S. aid be placed on a multilateral basis.

The House bill contained no comparable provision.

Section 102(c) of the Senate amendment included an amendment to section 205 of the act to increase from 10 to 15 percent the development loan funds which might be made available to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation, together with a proviso stating that with respect to any dollars expended pursuant to this authority, the United States shall use its voting power to vote for disapproval of any International Development Association (IDA) loan for any activity in a country to which assistance is suspended pursuant to section 620(e)(1) of the act, which requires the suspension of U.S. aid to countries which expropriate U.S. property.

The House bill did not contain comparable provisions.

The managers on the part of the House agreed to accept the Senate language increasing the limit on the use of development loan funds by the International Development Association, the International Bank for Reconstruction and Development or the International Finance Corporation from 10 to 15 percent, but refused to concur in a statement that "Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations."

The increase from 10 to 15 percent is permissive only. No use has been made of this authority in the past, and the Executive reports that no plan for allocating development loan funds to these international agencies is currently being considered for fiscal year 1966.

REGIONAL DEVELOPMENT IN AFRICA—SECTION 102(b) (SENATE—SEC. 102(d))

Section 102(d) of the Senate amendment added a new section 206 to the act relating to regional development in Africa. The House bill did not contain a similar provision.

The House conferees accepted the Senate language. The new language reflects the view that, in promoting African economic development, African regional development institutions, including the recently created African Development Bank, should be utilized. In accepting this language, the conferees are of the opinion that the primary responsibility for free world economic assistance to Africa rests with Europe and that the role of the United States, at most, is that of an interested minority participant.

EARMARKING OF EXTENDED RISK GUARANTIES FOR HOUSING—SECTION 104(a)(3)(B) (HOUSE—SEC. 103(b)(3)(B))

Section 103(b)(3)(B) of the House bill amended section 221(b)(2) of the Foreign Assistance Act, which relates to extended risk guaranties, to provide that of the \$300 million of guaranties authorized to be issued under that section not less than \$150 million could be issued only for housing projects similar to those insured by the Federal Housing Administration.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House agreed to a compromise, increasing the limit on extended risk guaranties which could be used for purposes other than housing to \$175 million. This has the effect of assuring that \$125 million of the \$300 million limit currently in effect on extended risk guaranties will be available for housing projects similar to those insured by the Federal Housing Administration. This would not preclude the use of more than \$125 million for housing should a demand in excess of this total for housing investments develop.

EXTENT OF INVESTMENT GUARANTY COVERAGE—SECTION 104(b) (SENATE—SEC. 104(b))

The Senate amendment included an amendment to section 221(c) of the act, changing the existing limits on investment guaranty coverage from the value of the investment plus "actual earnings and profits" to the value of the investment plus "earnings or profits actually received."

The House bill did not contain a comparable provision.

The managers on the part of the House accepted a modification of the Senate language, limiting investment guaranty coverage to "earnings and profits actually accrued" rather than "received." It was the understanding of the committee of conference that it has always been the intent and the practice of the investment guaranty program that only earnings and profits actually accrued were covered and that the added language would further clarify this intent.

LATIN AMERICAN HOUSING GUARANTIES—SECTION 104(e) (HOUSE—SEC. 103(e); SENATE—SEC. 104(e))

The House bill amended section 224(a) of the act to continue the present program of pilot or demonstration private housing projects and to broaden the purposes of guaranties for housing projects in Latin America to include (a) development of institutions engaged in Alliance for Progress programs, particularly cooperatives, free labor unions, and savings and loan type institutions; (b) construction of lower income housing; and (c) increased mobilization of savings and improvement of housing conditions in Latin America.

The Senate amendment similarly broadened the purposes of section 224(a) but deleted specific reference to cooperatives, free labor unions, and savings and loan type institutions.

In addition, the House bill added a new subsection 224(b)(4) to the act, defining as eligible for Latin American housing guaranties investments in "housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives."

The Senate amendment contained a similar provision, but did not include specific reference to free labor unions and cooperatives.

The managers on the part of the House accepted amendments to the House language which added appropriate references to "private enterprise" and to "private investment" in each instance in order to make clear that it was not intended that the free labor unions, cooperatives, and savings and loan type institutions should have priority over other private enterprise in the development of housing in Alliance for Progress programs.

CEILING ON LATIN AMERICAN HOUSING GUARANTIES—SECTION 104(e)
(HOUSE—SEC. 103(e); SENATE—SEC. 104(e))

The Senate amendment increased from \$250 to \$350 million the total face amount of guaranties that may be issued for Latin American housing investments and provided that the authority to issue such guaranties should continue through June 30, 1968.

The House bill increased the issuing authority for such guaranties from \$250 to \$450 million and continued the authority to issue such guaranties through June 30, 1967.

The managers on the part of the House accepted a ceiling of \$400 million on the face amount of such guaranties, a figure which splits the difference between the \$350 million limit set by the Senate and the \$450 million set by the House. The authority to issue guaranties is continued through June 30, 1967.

ALLIANCE FOR PROGRESS—SECTION 105 (HOUSE—SEC. 104; SENATE—SEC. 106)

The House bill amended section 252 of the act to authorize an appropriation of \$600 million for fiscal year 1966 for the Alliance for Progress of which not more than \$85 million may be used for technical cooperation grants. The balance may only be used for dollar repayable loans.

The Senate amendment contained an identical authorization but limited the amount that may be used for technical cooperation grants to \$70 million.

The committee of conference agreed that not more than \$75 million of the \$600 million may be used for such grants. It was recognized that technical cooperation funds have financed a number of programs basic to the development of the Latin American countries. Among these are programs for improved tax collection services conducted by the U.S. Internal Revenue Service, support for educational programs for the Central American regional integration system, and programs for the improvement of savings and loan and credit facilities in a number of countries. It should be noted that the figure agreed upon does not increase the authorization contained in the bill; it is an allocation made from the \$600 million which was in the House bill and in the Senate amendment. The reduction from \$85 million to \$75 million has the effect of reserving a larger portion of the \$600 million for dollar repayable loans.

STANDBY AUTHORIZATION FOR SOUTHEAST ASIA—SECTION 108(a)(2)
(HOUSE—SEC. 107(a)(2); HOUSE—SEC. 102(a); SENATE—103(a);
HOUSE—SEC. 106; SENATE—SEC. 108)

The House bill authorized for use in southeast Asia such sums for economic and military assistance as may be necessary in fiscal year 1966. It required the President to present to the Committee on Foreign Affairs and the Committee on Foreign Relations the programs to be carried out with the appropriations requested by the President under this authority.

The Senate amendment did not contain a comparable provision.

On June 1, 1965, the President sent a message to the Congress, requesting the authorization of \$89 million for the Agency for International Development for expanded programs of economic and social development in southeast Asia. This message was received after the passage of H.R. 7750 by the House but prior to its consideration by the Senate.

The Senate amendment authorized the \$89 million requested by the President (1) by increasing the authorization for technical cooperation and development grants from the figure of \$210 million contained in section 102 of the House bill to \$219 million, and (2) by increasing the authorization for supporting assistance by \$80 million.

The committee of conference agreed to a compromise according to which the managers on the part of the Senate accepted the figures for development grants and technical cooperation and for supporting assistance in the House bill, and the managers on the part of the House accepted a limitation of \$89 million on the special authorization for southeast Asia contained in section 107(a)(2) of the House bill.

In view of the fact that the House provision for an open-end authorization of funds was replaced by a specific authorization of \$89 million for that area, the managers on the part of the House agreed to delete the requirements for a determination by the President and for special reports to the Committee on Foreign Relations in the Senate and the Speaker of the House of Representatives in connection with the use of funds appropriated under this authority.

CIVIC ACTION PROGRAMS—SECTION 201(c) (HOUSE—SEC. 201(c); SENATE—SEC. 201(c))

The House bill amended section 505 of the act to include authority for assisting foreign military forces in less developed friendly countries to construct public works and to engage in activities "helpful to the economic development of such friendly countries." It also recorded the sense of Congress that foreign military forces should not be maintained or established solely for civic action and that civic action should not detract significantly from the capability of the military to perform its military function.

The Senate amendment was similar to that contained in the House bill except that it authorized assistance for activities helpful to the "social" as well as economic development of friendly countries and provided that the statement of the sense of Congress should be followed "insofar as practicable."

The Senate receded with an amendment to the House bill that would authorize civic action programs helpful to the social as well as the economic development of the country. The inclusion of the word "social" will remove an ambiguity that may exist as to health and literacy programs carried on within the limitations contained in the House amendment.

DRAWDOWN AUTHORITY—SECTION 201(g) (HOUSE—SEC. 201(g); SENATE—SEC. 201(g))

The House bill amended section 510 of the act to eliminate the requirement that the appropriations making reimbursement for defense articles and services used pursuant to the special authority should be made to the President, as are military assistance appropriations, so as to permit making such appropriations to the Department of Defense or to the President or any other agency as may be requested by the Executive.

The Senate amendment contained no comparable provision and retained existing law which authorizes an appropriation only to the President.

The managers on the part of the House accepted the Senate version. Appropriations for the various segments of the foreign assistance program are voted to the President. Acceptance of the Senate amendment retains this policy, thus permitting all foreign assistance appropriations to be contained in one appropriation act.

RESTRICTIONS ON MILITARY AID TO LATIN AMERICA—SECTION 201(h) (SENATE—SEC. 201(h))

The Senate amendment to the House bill amended section 511 of the act in two respects. First, section 511(a) was amended to provide that, of the \$55 million annually permitted for grant programs of defense articles for American Republics, \$25 million may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States. Second, section 511(b) was rewritten to provide that, to the maximum extent feasible, military assistance shall be furnished to American Republics only in accordance with joint plans (including joint plans relating to

internal security problems) approved by the Organization of American States. In addition, the President was directed to submit quarterly reports on the implementation of section 511(b).

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate provisions with amendments.

Section 511(a) of existing law authorizes during each fiscal year the use of "a part" of the military aid funds for Latin America "for assistance in implementing a feasible plan for regional defense." The present situation in the Dominican Republic has pointed up the need for more positive and clearer language to encourage the establishment of an inter-American military force. Accordingly, that language in existing law is repealed and is replaced by the provision that up to \$25 million of the \$55 million may be used on a cost-sharing basis for assistance to an inter-American force under the control of the Organization of American States (OAS).

Two points should be emphasized: First, the \$25 million is a ceiling. It does not have to be used only for this purpose should it prove impracticable to establish such a force. Second, it is required that the other American Republics contribute financially to the inter-American force. No formula for cost sharing is written into the law; this will be a matter of negotiations. The language makes clear that such a force will not be financed entirely by the United States. If an inter-American force can be created it will relieve the United States of much of the burden of trying to maintain peace in this hemisphere.

The proviso added by the conferees to section 511(a) stipulates that the costs of the defense articles supplied by the United States for the inter-American force in the Dominican Republic shall not be charged against the \$55 million ceiling. The conferees recognized that the continuing costs of the operation in the Dominican Republic cannot be determined. To charge these costs against the ceiling imposed by the law might make impossible any further bilateral or multilateral programs during the fiscal year.

The amended language in section 511(b) is a further effort to encourage the American Republics to work out "joint plans (including joint plans relating to internal security problems)." It is a logical sequel to the Special Consultative Committee on Security Against the Subversive Actions of International Communism, established at the Punta del Este Conference in early 1962, and the current efforts to deal with the situation in the Dominican Republic. The new language does not make military assistance to the American Republics contingent upon the adoption of joint plans; it is permissive. Further, it does not depend upon unanimous agreement by the members of the OAS. For example, a group of contiguous nations may be able to work out an acceptable plan to cope with internal security problems common to those nations.

The committee of conference recognized that progress in this field may be slow but that the time had come to begin a serious effort to share the responsibilities for hemispheric peace and security. The President is required to submit semiannual reports to the Congress on the progress that has been made under this section of the law.

In agreeing to the Senate amendment providing that \$25 million authorized for military aid to Latin America may be used on a cost-sharing basis to create an inter-American military force, the conferees

desired to make it clear that none of these funds is to be used to finance research contracts for studies of opinion or attitudes or other sociological or behavioral studies unless such studies have the approval of the Secretary of State.

USE OF FOREIGN CURRENCIES—SECTION 301(b) (SENATE—SEC. 301(c))

The Senate amendment included an amendment to section 612(c) of the act, substituting a new second paragraph which required AID administrative officials to certify upon approving each dollar payment voucher the reasons for use of dollars, instead of local currencies, whenever U.S.-owned local currencies were available.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment to retain the definition of excess foreign currency contained in existing law which had been repealed by the Senate amendment. The House managers were convinced that there had been too many instances in which dollars were spent when foreign currencies might have been used, and that requiring a modification of existing AID procedures would be more effective than a further directive that maximum use should be made of such currencies.

Officials responsible for approving vouchers can make the required certification only if they have at hand all of the necessary facts. One of the reasons why, on occasion, foreign currencies have not been used has been that officials responsible for procurement or for making payments were not fully informed as to their availability. It will be necessary for the Agency for International Development to give a higher priority and to devote more man-hours than it has in the past to making sure that in procurement negotiations and in making disbursements, the necessary data as to the availability of foreign currency and guidance as to its use are in the hands of the responsible personnel.

In situations where foreign currencies clearly are not available for procurement, such as in buying products in the United States, or procurement in countries where the demand for local currency to meet U.S. Government expenses considerably exceeds the supply, certification of individual vouchers should not be necessary.

HIGHEST RATE OF INTEREST OBTAINABLE ON U.S.-OWNED FOREIGN CURRENCIES—SECTION 301(c) (SENATE—SEC. 301(d))

The Senate amendment added a new subsection 613(d) to the act, providing that wherever U.S. assistance agreements under any act resulted in holdings of U.S.-owned local currencies, the Secretary of the Treasury should issue regulations that required, in all such agreements, that the United States should get interest income at the "highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries."

The provision allowed the Secretary of State to waive the requirement if he determined that the receipt of interest income was not in the U.S. national interest. A report to the Congress of each such determination by the Secretary of State was required.

The House bill did not contain a comparable provision.

The managers on the part of the House recognize that the United States has on deposit in foreign banks substantial amounts of foreign currencies derived from the sale of surplus agricultural commodities under title I of Public Law 480 and from other sources, and that under normal circumstances interest should be paid to the United States on such deposits. Although the Agency for International Development gave assurance that it is U.S. policy to collect such interest, it has not always done so. The conferees are of the opinion that a legal requirement to this effect is necessary.

The language of the Senate amendment was accepted, except that the reference to "the highest interest rate" to be obtained was deleted. The committee of conference strongly favors obtaining the highest rate of interest possible and is opposed to the acceptance of any "token" interest payment. The committee recognizes, however, that such a rate ought to be fixed by negotiation and that a general legal requirement would not be appropriate because of varying conditions in individual countries.

INVESTMENT GUARANTIES (SENATE—SEC. 301(e) (1) AND (3))

The Senate amendment contained language added by a voice vote on the floor of the Senate, designed to prevent a repetition of an incident which occurred in a developing country in which it was claimed that rights of certain American investors had been violated. No hearings had been held on the case in question, nor on the amendment designed to alleviate it. Consideration by the committee of conference developed that the issues were much less clear and far more complex and controversial than was at first supposed. The provision was deleted with the understanding that, should circumstances warrant, the entire subject could be reviewed at length and a determination made during the next annual hearings on foreign aid.

ACT OF STATE DOCTRINE—SECTION 301(d)(2) (HOUSE—SEC. 301(c)(2);
SENATE—SEC. 301(e)(2))

The House bill extended for an additional year the provisions of section 620(e)(2) of the act which provides that no court in the United States shall decline on the ground of the act of state doctrine to make a determination on the merits or to apply principles of international law in a case in which an act of a foreign state is alleged to be contrary to international law.

The Senate amendment made the provision permanent law and in addition modified the text to make it clear "that the law does not prevent banks, insurance companies, and other financial institutions from using the act of state doctrine as a defense to multiple liability upon any contract or deposit or insurance policy in any case where such liability has been taken over or expropriated by a foreign state."

The House receded.

The managers on the part of the House accepted the Senate provisions with the understanding that this would not preclude either committee from reviewing the issues and making a further determination when hearings are held next year on renewal of the foreign aid authorization.

SANCTIONS AGAINST U.S. FISHING VESSELS AND CONTROL OF SHIPPING
TO NORTH VIETNAM—SECTION 301(d)(4) (SENATE—SEC. 301(e)(5);
(HOUSE—SEC. 301(c)(4))

The Senate amendment added a new subsection 620(o) to the act under which no assistance could be furnished under the act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such an area. The amendment did not apply to extensions of jurisdiction pursuant to international agreement to which the United States is a party.

The House bill did not contain a comparable provision.

The House bill, however, included an amendment to section 620 of the Foreign Assistance Act, adding a new subsection (n) providing that, until the President determines that North Vietnam has ceased all efforts to overthrow the South Vietnamese Government, no funds authorized to be made available under the act (except under sec. 214) may be used for assistance to any country which failed to take appropriate steps, not later than 60 days after enactment of the bill, to prevent ships or aircraft under its registry from transporting equipment, materials, or commodities to or from North Vietnam. The Senate amendment contained no such provision.

The managers on the part of the House agreed to a compromise which eliminates the rigid prohibitions against supplying U.S. assistance in both instances but requires that consideration be given to the behavior of recipients of our aid with respect to these problems in determining the nature and amount of aid to be provided. Language was accepted, indicating that consideration should be given to excluding from U.S. assistance any country which imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in international waters rather than a requirement that aid be terminated under such circumstances. A modification of the provision in the House bill relating to ships transporting cargo to North Vietnam was also agreed upon to the effect that the President shall consider denying assistance to any country failing to prevent its ships from transporting cargo as provided in the House bill, instead of prohibiting U.S. aid to such countries regardless of other circumstances.

The managers on the part of the House agreed that the United States should give consideration to the treatment of U.S. fishing vessels by foreign governments in determining the nature and amount of U.S. assistance made available to such governments. At the same time, they recognized that a complete prohibition of aid to governments interfering with U.S. vessels might in certain instances prevent the attainment of U.S. foreign policy objectives and adversely affect the entire program of the Alliance for Progress.

In accepting a modification of the language relating to assistance to countries permitting their ships to carry cargo to and from North Vietnam, the managers on the part of the House recognized that the complete withdrawal of free world carriers from the North Vietnam trade, even if it could be achieved, would have only a very limited effect upon the North Vietnam economy and military efforts. Military equipment and petroleum products are brought into the country

on Communist-flag vessels. North Vietnam's foreign trade is already heavily oriented toward Communist China and the U.S.S.R. Free world trade amounted to only about 17 percent of value of North Vietnam's total trade for 1963. Although free world ships carry 45 percent of North Vietnam's seaborne imports by volume and 85 percent of seaborne exports (principally coal to Japan), the Communist countries could, in time, arrange it so that Communist-flag vessels and planes and the rail link with Communist China carried all the imports and exports Hanoi needed.

The language of the House bill afforded little negotiating leverage because most of the countries whose ships are still in the North Vietnam trade receive little or no assistance from the United States. The major nation with ships in this trade—the United Kingdom—no longer receives either economic or military assistance from the United States. The United States is making high level diplomatic representations to obtain free world cooperation in getting ships and planes out of the North Vietnam trade, and a number of vessels have already left the trade because of commercial and safety considerations.

The managers on the part of the House accepted the argument that negotiations on this matter would be more effective if there was not a rigid requirement that aid be terminated.

EMPLOYMENT OF FOREIGN SERVICE PERSONNEL—SECTION 302(c)
(HOUSE—SEC. 302(c); SENATE—SEC. 302(b))

The House bill amended section 625(d) of the act by increasing from 20 to 50 the number of Foreign Service Reserve officers who, at any one time, may be initially assigned to duty in the United States for not more than 2 years.

The Senate amendment increased the limitation on such personnel from 20 to 30.

The Senate receded with an amendment which increased the limitation on such personnel to 40.

ELIMINATION OF MISSIONS—SECTION 302(f) (SENATE—SEC. 302(e))

The Senate amendment amended section 631 of the act by providing that in countries where the economic and military assistance program does not exceed \$1 million in a fiscal year, the AID mission staff personnel shall be withdrawn, and the program administered by economic officers and, where military aid is involved, by military officers attached to the U.S. diplomatic mission.

The House bill did not contain a comparable provision.

The managers on the part of the House receded with an amendment that removed the criterion of a program of \$1 million or less in any fiscal year as the basis for the withdrawal of personnel administering such economic or military assistance programs. In place of this rigid figure, the committee of conference inserted a provision that reductions in personnel should be undertaken "wherever practicable, especially in the smaller programs." The committee of conference is emphatic in seeking to reduce the size of our AID missions, particularly those in the smaller programs. It recognized that some progress has been made in this direction but believes that further progress is possible without impairing the effectiveness of our programs and, at the same time, resulting in a reduction of administrative costs.

By the removal of the \$1 million figure, the committee expects that the Administrator of AID will examine programs in all the countries, particularly the smaller countries, with a view toward achieving further economies in money and personnel.

ADMINISTRATIVE EXPENSES—SECTION 302(i) (HOUSE—SEC. 302(h);
SENATE—SEC. 302(h))

The House bill amended section 637(a) of the act to authorize an appropriation of \$53,240,000 for administrative expenses for fiscal year 1966.

The Senate amendment authorized an appropriation of \$55,240,000 for the same purpose.

The Senate receded with an amendment providing an authorization for an appropriation of \$54,240,000.

MILITARY SALES—SECTION 302(k) (SENATE—SEC. 302(j))

The Senate amendment added a new section 640 to the act, excluding military sales from several provisions of the act prohibiting U.S. assistance.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language. They regarded the Senate provision as being a formal statement of the policy that sales of military equipment and services for dollars or on credit terms within limits accepted as being normal for commercial transactions were not subject to certain restrictions applicable to grant aid, which policy has always guided the Department of Defense. Military sales are subject to the restriction that sales may be made only to friendly nations when the President finds that such sales will strengthen the security of the United States and promote world peace.

It was the understanding of the managers on the part of the House that this authority would apply only to bona fide sales for value as defined in section 644(m) of the act to purchasers judged to be capable of making payment in full under reasonable credit terms. Any transaction, although technically a sale, where prospects of payment were in doubt or for currencies not needed by the United States would involve an element of grant assistance and would be subject to all of the restrictions relating to grant aid.

It is in the interest of the United States that the forces of friendly nations, on which we rely either to contribute to the common defense strategy or to defend against internal subversion, should be adequately equipped. It is better that equipment be supplied on a sales rather than a grant basis. It is not to our advantage to impose the same conditions on nations ready and willing to buy that we do on recipients of grant aid.

LIMITATION ON AGGREGATE AUTHORIZATION FOR FISCAL YEAR 1966—
SECTION 303(d) (SENATE—SEC. 303(d))

The Senate amendment added a new section 649 to the act, which limited the aggregate authorization for an appropriation for fiscal year 1966 to the sum of \$3,243,000,000.

The House bill contained no comparable provision.

The managers on the part of the House receded with an amendment, limiting the aggregate authorization for an appropriation to \$3,360,000,000.

This sum must be measured against the Executive appropriation request for fiscal year 1966 of \$3,459,470,000. The latter figure includes amounts specifically authorized in this bill as well as the Executive appropriation requests against sums previously authorized for the Development Loan Fund, the Alliance for Progress, and for State Department administrative expenses. As a result of adjustments in amounts made in this bill for specific programs, together with those previously authorized and for which the Executive is requesting appropriations, the comparable figure is \$3,457,670,000. The effect of the ceiling imposed by this section of the bill is to reduce the total Executive program by \$97,670,000. It is left to the judgment of the Executive to effect reductions that will bring the programs funded by this act within the limit imposed by this section.

The managers on the part of the House strongly objected to the imposition of an overall reduction on the authorization for foreign aid rather than cutting individual authorizations. The committees of the Congress as a result of their hearings on the program should be sufficiently informed as to the merits of the various segments of the program to exercise judgment as to the places where cuts are justified. To impose a reduction in the overall ceiling on the total authorization, leaving discretion as to where the cuts will be made, is an abdication of responsibility by the Congress.

The individual authorizations approved by the House and Senate differed by such small amounts that there was no practicable way to compromise, adjust, and distribute an overall reduction of the magnitude of the cut provided in the Senate amendment other than to impose a similar limitation on the funds authorized.

PROPOSALS FOR 2-YEAR AUTHORIZATION AND FOR TEMPORARY PLANNING COMMITTEE

The two most troublesome issues in conference arose first from a number of provisions in the Senate bill which (in totality) had the effect of authorizing the aid program for a period of 2 years; and, second, from the so-called Morse amendment calling for termination by June 30, 1967, of the foreign aid program as presently constituted and for a thorough review by a planning committee to determine the nature of any aid programs that might be continued after June 1967.

As conference discussions continued, it became apparent that although the House conferees could not agree to a blanket 2-year authorization under present conditions, they were not irrevocably opposed to authorizing foreign aid funds for longer than a year regardless of circumstances. There was general agreement also that many of the shortcomings of the foreign aid program which have evoked public criticism are basic and cannot be corrected merely by improvement in administrative procedures or in the quality of personnel.

It was the consensus of the committee of conference that there have been so many changes in the world situation since 1961 that a most careful, overall review of the basic premises behind the foreign aid program is overdue.

After protracted discussion of the issues involved in the 2-year authorization and the Senate provisions relating to termination of the program as constituted and the creation of a planning committee, the Senate conferees reluctantly agreed to recede.

While appreciating that conferees cannot bind their colleagues in subsequent sessions of the Congress, the House conferees, in view of the action of the Senate conferees, agreed to include the following expression of informal understandings in the statement on the part of the managers:

1. During consideration of the Foreign Assistance Act of 1966, House members of the committee of the conference will urge their colleagues to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years. The House of Representatives has approved authorizations for various aspects of the programs for periods of 2 years or longer on a number of occasions in the past, and the House conferees are prepared to suggest the consideration of longer term authorizations, taking into account the demands on the U.S. budget and the nature of the world situation next year.

If 2-year authorizations were made, the authorizing committees of the House and Senate might direct their attention in alternate years primarily to a review of aid policies and an evaluation of operations rather than focusing on the programs submitted by the Executive for the year to come.

2. The conferees of both Houses urge the President to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries.

3. Finally, the House conferees recognize that the willingness of the Senate conferees to recede on these provisions represents not an abandonment of the positions taken by the Senate, but an attempt to reach a reasonable compromise. This was done by deferring for 1 year decisions on Senate provisions calling for a long-term authorization. There will thus be opportunity next year for the Congress and the administration to examine in depth proposals for the improvement of the foreign aid program.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
BARRATT O'HARA,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.



House of Representatives

WEDNESDAY, AUGUST 18, 1965

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES FOR FISCAL YEAR 1966

Mr. SLACK. Mr. Speaker, on behalf of the gentleman from New York [Mr. ROONEY], I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H.R. 8639.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONFERENCE REPORT (H. REPT. No. 807)

The committee of conference on the disagreeing of the two Houses on the amendments of the Senate to the bill (H.R. 8639) "making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 6, 7, 10, 15, and 18.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 8, 9, 11, 16, 17, 19, 20, 21, 22, 23, 25, and 26, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,125,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$5,339,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$33,743,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$69,036,250"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amend-

ment insert "\$11,536,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,150,000"; and the Senate agree to the same.

JOHN J. ROONEY,
JOHN M. SLACK, Jr.,
NEAL SMITH,
JOHN J. FLYNT, Jr.,
CHARLES S. JOELSON,
GEORGE MAHON,
FRANK T. BOW,
GLENARD P. LIPSCOMB,
ELFORD A. CEDERBERG,

Managers on the Part of the House.

JOHN L. MCCLELLAN,
ALLEN J. ELLENDER,
WARREN G. MAGNUSON,
SPESSARD L. HOLLAND,
JOHN O. PASTORE,
J. W. FULBRIGHT,
MARGARET CHASE SMITH,
LEVERETT SALTONSTALL,
KARL E. MUNDT,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8639) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—DEPARTMENT OF STATE

Administration of foreign affairs

Amendment No. 1: Appropriates \$176,400,000 for salaries and expenses as proposed by the House instead of \$176,748,000 as proposed by the Senate.

Amendment No. 2: Appropriates \$19,125,000 for acquisition, operation and maintenance of buildings abroad as proposed by the Senate instead of \$18,125,000 as proposed by the House.

International commissions

Amendment No. 3: Appropriates \$2,125,000 for international fisheries commissions instead of \$2,025,000 as proposed by the House and \$2,300,000 as proposed by the Senate.

Educational exchange

Amendment No. 4: Appropriates \$5,800,000 for the Center for Cultural and Technical interchange between East and West as proposed by the Senate instead of \$5,500,000 as proposed by the House.

TITLE II—DEPARTMENT OF JUSTICE

Legal activities and general administration

Amendment No. 5: Appropriates \$5,339,000 for salaries and expenses, general administration instead of \$5,289,000 as proposed by the House and \$5,389,000 as proposed by the Senate.

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., prefaced his prayer with these words of Scripture: Psalm 121: *The Lord is thy keeper, the Lord is thy shade upon thy right hand.*

Almighty God, whose goodness never fails and whose truth does not grow old, we beseech Thee to sanctify us, cleansing all the stains of sin from our hearts and the darkness from our minds.

Order our whole life, our thoughts and aspirations in accord with Thy will and bring them into harmony with Thy holy plans and create within us those desires which Thou dost delight to satisfy.

May there arise within us strength, healing, and victory, overcoming all confusion of purpose and that self-love which keeps us from the larger life of service and sacrifice to which we have been called.

Humbly we offer our prayer, asking for nothing that we do not ask for others whose lives are haunted by hardship and struggle for the bare necessities that they labor for.

In Christ's name we pray. Amen.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7765) entitled "An act making appropriations for the Departments of Labor, Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1966, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment No. 1 to the above-entitled bill.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1648. An act to provide grants for public works and development facilities, other financial assistance, and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions.

The message also announced that the Vice President, pursuant to Public Law 170, 74th Congress, had appointed Mr. MORSE in lieu of Mr. ROBERTSON, resigned, to attend the 54th Interparliamentary Union Conference to be held in Ottawa, Ontario, September 9 to 17, 1965.

TITLE III—DEPARTMENT OF COMMERCE

U.S. Travel Service

Amendment No. 6: Provides a limitation of \$3,500 for representation expenses abroad as proposed by the House instead of \$4,000 as proposed by the Senate.

Amendment No. 7: Appropriates \$3,000,000 for salaries and expenses as proposed by the House instead of \$3,200,000 as proposed by the Senate.

International activities

Amendment No. 8: Inserts language for mobile trade fairs as proposed by the Senate.

Amendment No. 9: Appropriates \$10,750,000 for salaries and expenses as proposed by the Senate instead of \$10,400,000 as proposed by the House.

Office of Field Services

Amendment No. 10: Appropriates \$4,200,000 for salaries and expenses as proposed by the House instead of \$4,265,000 as proposed by the Senate.

Coast and Geodetic Survey

Amendment No. 11: Appropriates \$29,200,000 for salaries and expenses as proposed by the Senate instead of \$29,000,000 as proposed by the House.

National Bureau of Standards

Amendment No. 12: Appropriates \$33,743,000 for research and technical services instead of \$33,000,000 as proposed by the House and \$34,548,000 as proposed by the Senate.

Weather Bureau

Amendment No. 13: Appropriates \$69,036,250 for salaries and expenses instead of \$68,750,000 as proposed by the House and \$69,287,900 as proposed by the Senate.

Amendment No. 14: Appropriates \$11,536,000 for research and development instead of \$10,786,000 as proposed by the House and \$11,786,000 as proposed by the Senate.

Maritime Administration

Amendment No. 15: Appropriates \$132,150,000 for ship construction as proposed by the House instead of \$124,850,000 as proposed by the Senate.

Amendment No. 16: Appropriates \$180,000,000 for operating-differential subsidies (liquidation of contract authorization) as proposed by the Senate instead of \$190,000,000 as proposed by the House.

Bureau of Public Roads

Amendment No. 17: Appropriates \$200,000,000 for repayable advances to the highway trust fund as proposed by the Senate instead of \$225,000,000 as proposed by the House.

Amendment No. 18: Deletes language proposed by the Senate.

TITLE IV—THE JUDICIARY

Courts of appeals, district courts, and other judicial services

Amendment No. 19: Appropriates \$34,292,000 for salaries of supporting personnel as proposed by the Senate instead of \$34,220,000 as proposed by the House.

Amendment No. 20: Appropriates \$3,000,000 for fees and expenses of court-appointed counsel as proposed by the Senate instead of \$3,500,000 as proposed by the House.

Amendment No. 21: Appropriates \$4,910,000 for travel and miscellaneous expenses as proposed by the Senate instead of \$4,900,000 as proposed by the House.

TITLE V—RELATED AGENCIES

Department of Health, Education, and Welfare

Office of Education

Amendment No. 22: Appropriates \$5,000,000 for civil rights educational activities as proposed by the Senate instead of \$4,000,000 as proposed by the House.

Equal Employment Opportunity Commission

Amendment No. 23: Appropriates \$2,750,000 for salaries and expenses as proposed by the Senate.

Federal Maritime Commission

Amendment No. 24: Appropriates \$3,150,000 for salaries and expenses instead of \$3,100,000 as proposed by the House and \$3,180,000 as proposed by the Senate.

U.S. Information Agency

Amendment No. 25: Appropriates \$140,000,000 for salaries and expenses as proposed by the Senate instead of \$140,254,000 as proposed by the House.

Amendment No. 26: Adds language as proposed by the Senate.

JOHN J. ROONEY,
JOHN M. SLACK, Jr.,
NEAL SMITH,
JOHN J. FLYNT, Jr.,
CHARLES S. JOELSON,
GEORGE MAHON,
FRANK T. BOW,
GLENARD P. LIPSCOMB,
ELFORD A. CEDERBERG,

Managers on the Part of the House.

ESTABLISHING DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6927) to establish a Department of Housing and Urban Development, and for other purposes, with amendments of the Senate thereto, disagree to the amendments and request a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida? The Chair hears none, and appoints the following conferees: Messrs. DAWSON, HOLIFIELD, FASCELL, REUSS, ROSENTHAL, ERLNBORN, and WYDLER.

CORRECTION OF THE RECORD

Mr. OLSON of Minnesota. Mr. Speaker, I ask unanimous consent to make a correction in my remarks in the CONGRESSIONAL RECORD of yesterday, August 17, 1965, page 19947, paragraph No. 4, line 14, where it reads:

I think a transfer and selection base allowed here is going to result definitely in a kind of milk tax.

This line should be changed to read.

I think the transfer and sale of bases allowed is going to result in what might be referred to as a milk tax.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF THE RECORD

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected on page 19976 near the bottom of the second column to read as follows:

Mr. FINDLEY. The gentleman said that the consumers have benefited under this cotton program. Looking at the "Cotton Situation Report" from the Consumer and Marketing Service of USDA I find that the price on 20 cotton constructions—the index showing product prices—has gone up each and every single month since the so-called one-price cotton program went into operation. On the other side of this some statistical table from USDA I find that each and every single month the mill margin—that is the gross profit of textile mills—has gone up. This despite the fact they had the price advantage of this program, which is costing the tax-

payers somewhere around \$900 million a year. I think it is shameful we have to consider any variation of a program which so adversely affects the taxpayers of the United States.

And on the same page correct the line reading "the buggy whip" to read "the buggy whip industry."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALL OF THE HOUSE

Mr. GRIFFIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 241]

Adair	Dowdy	Miller
Andrews,	Duncan, Oreg.	Moorhead
George W.	Dyal	Powell
Aspinall	Farnum	Reinecke
Blatnik	Gubser	Roudebush
Bonner	Irwin	Roybal
Brown, Ohio	Johnson, Pa.	Scott
Cabell	King, Calif.	Thomas
Cahill	King, N.Y.	Toll
Carter	Kornegay	Utt
Curtis	Lindsay	Younger
Dent	Martin, Mass.	
Dingell	Mathias	

The SPEAKER. On this rollcall 395 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AUTHORITY TO FILE CONFERENCE REPORT ON H.R. 7750—FOREIGN ASSISTANCE ACT OF 1965

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the House conferees may have until midnight tonight to file a conference report on the bill H.R. 7750.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 811)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: That this Act may be cited as the "Foreign Assistance Act of 1965".

"PART I

"Chapter I—Policy

"Sec. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

"(a) Strike out the last sentence in the seventh paragraph and substitute the following: 'It is the sense of the Congress that in furnishing assistance under this part ex-

cess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts."

"(b) Add at the end thereof the following new paragraph:

"It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

"(a) Amend section 205, which relates to the use of the facilities of the International Development Association, to read as follows:

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

"(b) Add the following new section:

"SEC. 206. REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development."

"Title II—Technical Cooperation and Development Grants

"SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

"(a) Amend section 212, which relates to authorization, by striking out '1965' and '\$215,000,000' and substituting '1966' and '\$210,000,000', respectively.

"(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

"(1) Amend subsection (b) by striking out 'treatment, education,' and substituting 'education'.

"(2) Amend subsection (c) by striking out '1965, \$18,000,000' and substituting '1966, \$7,000,000'.

"Title III—Investment Guaranties

"SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b), which relates to general authority, as follows:

"(1) Amend the introductory clause to read as follows:

"(b) The President may issue guaranties to eligible United States investors—"

"(2) In paragraph (1), strike out '\$2,500,000,000' and substitute '\$5,000,000,000'.

"(3) Amend paragraph (2) as follows:

"(A) In the first proviso, strike out 'and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000'.

"(B) In the third proviso, immediately after '\$300,000,000' insert the following: 'and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$175,000,000'.

"(C) In the fourth proviso, strike out '1966' and substitute '1967'.

"(b) Amend section 221(c), which relates to general authority, as follows:

"(1) Strike out 'actual earnings or profits' and substitute 'earnings or profits actually accrued'.

"(2) Immediately after 'guaranty' the third time it appears, insert 'of an equity investment'.

"(c) Amend section 222(b), which relates to general provisions, by inserting after '(exclusive of informational media guaranties),' the words 'and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties.'"

"(d) Amend section 223, which relates to definitions, as follows:

"(1) In subsection (a), strike out 'and' at the end thereof and in subsection (b) strike out the period and substitute '; and'.

"(2) Add the following new subsection (c):

"(c) the term 'eligible United States investors' means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided*, That, the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners."

"(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

"(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

"(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

"(2) credit institutions in Latin America engaged directly or indirectly in the financ-

ing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

"(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

"(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

"(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$400,000,000: *Provided*, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That this authority shall continue until June 30, 1967."

"Title VI—Alliance for Progress

"SEC. 105. Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended by inserting immediately after 'fiscal year 1965' the following: 'and \$75,000,000 in fiscal year 1966'.

"Chapter 3—International organizations and programs

"SEC. 106. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

"(a) Amend section 301(c), which relates to assistance for Palestine refugees in the Near East, by adding at the end thereof the following: 'Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000.'

"(b) Amend section 302, which relates to authorization, by striking out '1965' and '\$134,272,400' and substituting '1966' and '\$144,755,000', respectively.

"Chapter 4—Supporting assistance

"SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out in the first sentence '1965' and '\$405,000,000' and substituting '1966' and '\$369,200,000', respectively.

"Chapter 5—Contingency fund

"SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

"(a) Amend subsection (a) as follows:

"(1) Strike out '1965' and '\$150,000,000' and substitute '1966' and '\$50,000,000', respectively.

"(2) Add the following new sentence: 'In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act.'

"(b) Amend subsection (b) by striking out 'this section' and substituting 'the first sentence of subsection (a)'.

"PART II

"Chapter 2—Military assistance

"SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) Amend section 503(b), which relates to general authority, by striking out the words 'in foreign countries'.

"(b) Amend section 504, which relates to authorization, by striking out '1965' and '\$1,055,000,000' in the first sentence and substituting '1966' and '\$1,170,000,000', respectively.

"(c) Amend section 505, which relates to utilization of assistance, as follows:

"(1) In subsection (a), strike out the colon and add the following: ', or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.'

"(2) Strike out subsection (b) and redesignate the proviso of subsection (a) as subsection (b).

"(3) In redesignated subsection (b), strike out 'Provided, That except' and substitute 'Except'; strike out 'or (2)' and substitute ', or (2) for civic action assistance, or (3)'

"(d) Amend section 507, which relates to sales, as follows:

"(1) In subsection (a), insert the following new sentence between the second and third sentences: 'Notwithstanding the provisions of section 644(m) (2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization.'

"(2) In subsection (b), strike out the period at the end of the first proviso, substitute a colon and add the following: 'Provided further, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization.'

"(e) Amend section 508, which relates to reimbursement as follows:

"(1) After 'this part' the first time it appears, insert 'have been or'.

"(2) After 'United States Government,' the first time it appears insert 'receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected'.

"(3) Strike out 'the current applicable appropriation' and substitute 'a separate fund account'.

"(4) Strike out 'furnishing further military assistance on cash or credit terms' and substitute 'financing sales and guaranties, including the overhead costs thereof'.

"(f) Amend section 509(b), which relates to exchanges and guaranties, by inserting '(excluding contracts with any agency of the United States Government)' in the second sentence between the last word thereof and the period.

"(g) Amend section 510(a), which relates to special authority, as follows:

"(1) In the first sentence strike out '1965' and substitute '1966'.

"(2) In the second sentence, strike out '1965' and substitute '1966'.

"(h) Amend section 511, which relates to restrictions on military aid to Latin America, as follows:

"(1) In subsection (a), strike out 'a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense', and insert '\$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States'; and amend the proviso to read as follows: 'Provided, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$55,000,000 limitation provided by this subsection'.

"(2) Amend subsection (b) to read as follows:

"(b) To the maximum extent feasible, military assistance shall be furnished to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit semiannual reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection.'

"(i) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

"(1) Strike out 'programs described in section 505(b) of this chapter' and substitute 'civic action requirements'.

"(2) Strike out '1965' and substitute '1966'.

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) Amend section 605, which relates to retention and use of items, as follows:

"(1) In the section heading strike out 'ITEMS' and substitute 'CERTAIN ITEMS AND FUNDS'.

"(2) Add the following new subsections:

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropri-

ation, fund, or account currently available for the same general purpose.'

"(b) Amend section 612, which relates to use of foreign currencies, by redesignating subsection (c) as subsection (b), and by striking out the first sentence of the second paragraph of such subsection and by adding at the end thereof the following new paragraph:

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case.'

"(c) Amend section 613, which relates to foreign currencies, as follows:

"(1) Strike out the section heading and substitute the following: 'ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES'.

"(2) Add the following new subsection:

"(d) In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories: *Provided*, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: *Provided further*, That the Secretary of State, or his delegate, shall promptly make a complete report to the Congress on each such determination and the reasons therefor.'

"(d) Amend section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, as follows:

"(1) Amend the section heading to read as follows: 'PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—'

"(2) Amend subsection (e) (2), which relates to the act of state doctrine, by inserting after the words 'other right' each time they appear the words 'to property', and by striking out ', or (3) in any case in which the proceedings are commenced after January 1, 1966'.

"(3) In section 620(1), which relates to the prohibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out 'December 31, 1965' and substitute 'December 31, 1966'.

"(4) At the end of such section 620, add the following new subsections:

"(n) In view of the aggression of North Vietnam, the President shall consider denying assistance under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

"(iii) any other equipment, materials, or commodities; and

"(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

"(c) In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party."

"Chapter 2—Administrative provisions"

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) Amend section 622, which relates to coordination with foreign policy, as follows:

"(1) In subsection (b), immediately after 'military assistance' insert '(including any civic action and sales program)'.

"(2) In subsection (c), immediately after 'military assistance program' insert '(including any civic action and sales program)'.

"(b) Amend section 624, which relates to statutory officers, as follows:

"(1) In subsection (b), strike out 'paragraph (3) of' and 'of the officers provided for in paragraphs (1) and (2) of that subsection', and substitute for the latter 'of one or more of said officers'.

"(2) In subsection (d), strike out 'Public Law 86-735' wherever it appears and substitute 'the Latin American Development Act, as amended'.

"(c) Amend section 625(d), which relates to the employment of personnel, by striking out 'twenty' in paragraph (2) and substituting 'forty'.

"(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

"(e) Amend section 630, which relates to terms of detail or assignment, by inserting 'benefits' after 'travel expenses,' in paragraphs (2) and (4).

"(f) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection:

"(d) Wherever practicable, especially in the case of the smaller programs, assistance under this Act shall be administered under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II."

"(g) Amend section 635(g), which relates to general authorities, by inserting 'and sales' after 'loans' in the introductory clause.

"(h) Amend section 636, which relates to provisions on uses of funds, as follows:

"(1) In subsection (e), strike out 'section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)' and substitute 'section 301 of the Dual Compensation Act (5 U.S.C. 3105)'.

"(2) In subsection (f), strike out 'Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes' and substitute 'Latin American Development Act, as amended'.

"(i) Amend section 637(a), which relates to administrative expenses, by striking out '1965' and '\$52,500,000' and substituting '1966' and '\$54,240,000', respectively.

"(j) Amend section 638 which relates to Peace Corps assistance, by striking out all beginning with 'or famine' and substituting a period.

"(k) Add the following new sections:

"SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

"SEC. 640. MILITARY SALES.—Except as

otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace."

"Chapter 3—Miscellaneous provisions"

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Amend section 642(a)(2), which relates to statutes repealed, by striking out '143,' and all beginning with 'Provided,' up to the semicolon.

"(b) Amend section 644, which relates to definitions, as follows:

"(1) In subsection (g), insert 'and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order,' after 'United States Government' and strike out 'as grant assistance'.

"(2) In subsection (m)(2), strike out 'Such price shall be the same standard price' and substitute 'Such standard price shall be the same price (including authorized reduced prices)'.

"(3) Amend the paragraph following the numbered paragraph (3) in subsection (m) as follows:

"(A) In the first sentence, insert 'and sales' after 'Military assistance'.

"(B) In the second proviso, strike out 'by the military assistance program'.

"(c) Amend section 645, which relates to unexpended balances, by striking out 'Public Law 86-735' and substituting 'the Latin American Development Act, as amended,'.

"(d) At the end thereof add the following new section:

"SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEAR 1966.—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during the fiscal year 1966 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,360,000,000."

"Chapter 4—Amendment to the Agricultural Trade Development and Assistance Act of 1954"

"SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

"No sale under title I of this Act shall be made to the United Arab Republic unless

the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act."

And the Senate agree to the same.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
BARRATT O'HARA,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
By J. W. F.
MIKE MANSFIELD,
By J. W. F.
BOURKE B. HICKENLOOPER,
GEORGE AIKEN,
FRANK CARLSON,
By B. B. H.

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment, which is a substitute for both the text of the House bill and the text of the Senate amendment, and that the Senate agree to the same.

Except for clerical and minor drafting changes, the differences between the House bill and the substitute agreed to in conference are noted below.

AUTHORIZATION OF FUNDS

The following table shows the differences between the House bill and the Senate amendment, the sums agreed to by the committee of conference and the administration appropriation request for programs authorized in this bill and in existing law:

Foreign Assistance Act of 1965 (fiscal year 1966)

[In thousands]

	(1) Executive appropri- ation request	(2) House	(3) Senate	(4) Conference	(2) and (4) Adjustment against House bill	(3) and (4) Adjustment against Senate amendment
Development Loan Fund.....	¹ \$780,250		(1)	(1)		
Technical cooperation and develop- ment grants.....	210,000	\$210,000	\$210,000	\$210,000		
For southeast Asia ²	² 9,000	(2)	² 9,000	(2)	(2)	² —\$9,000
American schools and hospitals abroad.....	7,000	7,000	9,000	7,000		—2,000
Alliance for Progress ³	³ 580,125	(3)	(3)	(3)		
Grants.....	(85,000)	(85,000)	(70,000)	(75,000)	(—\$10,000)	(+5,000)
International organizations and pro- grams.....	145,555	144,755	146,455	144,755		—1,700
Supporting assistance.....	369,200	369,200	350,000	369,200		+19,200
For southeast Asia ²	² 80,000	(2)	² 80,000	(2)	(2)	² —80,000
Contingency fund ²	50,000	² 50,000	50,000	50,000		
Special authorization for southeast Asia ²	(2)	(2)	(2)	² 89,000	² +89,000	² +89,000
Military assistance.....	1,170,000	1,170,000	1,170,000	1,170,000		
Administrative expenses:						
AID.....	55,240	53,240	55,240	54,240	+1,000	—1,000
State Department.....	⁴ 3,100	(4)	(4)	(4)		
Total.....	3,459,470	2,004,195	2,079,695	2,094,195	+90,000	+14,500

Footnotes on following page.

¹ Existing law authorizes an appropriation of \$1,500,000,000 for fiscal year 1966, plus unappropriated portions of amounts authorized for fiscal years 1962-65. The Executive request for fiscal year 1966 is \$780,250,000.

² The House bill contained an authorization for an appropriation for military and economic programs in southeast Asia of such sums as may be necessary in fiscal year 1966. This was added to the section of the law relating to the contingency fund. The Senate amendment added \$9,000,000 to the authorization for technical cooperation and \$80,000,000 to the authorization for supporting assistance to reflect the Executive request of \$89,000,000 for use in southeast Asia. The conferees agreed to a special authorization of \$89,000,000 for southeast Asia under the contingency fund.

³ Existing law authorizes an appropriation of \$600,000,000 for fiscal year 1966 against which the Executive has requested an appropriation of \$580,125,000. Neither the House bill nor the Senate amendment made any change in the total authorization for the Alliance for Progress for fiscal year 1966.

⁴ Existing law contains a continuing authorization for such sums as necessary. The Executive has requested an appropriation of \$3,100,000.

NOTE.—The Senate amendment contained a limitation on the aggregate authorization for use in fiscal year 1966 of \$3,243,000,000. The conferees agreed to a limitation of \$3,360,000,000.

RECAPITULATION

Total amount of new authorizations contained in H. R. 7750.....		\$2,094,195,000
Appropriations requested against previous authorizations:		
Development Loan Fund.....	\$780,250,000	
Alliance for Progress.....	580,125,000	
State Department administrative expenses.....	3,100,000	
		1,363,475,000
Total authorized and requested for fiscal year 1966.....		3,457,670,000
Limitation on aggregate authorization for fiscal year 1966.....		3,360,000,000
		97,670,000
Reduction below total authorized and requested for fiscal year 1966.....		
Reduction below Executive request.....		99,470,000

USE OF EXCESS PROPERTY—SECTION 101 (SENATE—SEC. 101 (a))

The Senate amendment added a sentence to section 102 of the act—statement of policy—expressing the sense of the Congress that in furnishing assistance under this part, excess personal property should be utilized wherever practicable in lieu of the procurement of new items for U.S.-assisted projects and programs.

A sentence already in the statement of policy dealing with this matter was modified by changing the phrase "excess property" to "excess personal property."

The House bill contained no language dealing with this subject.

The managers on the part of the House accepted the Senate language, except that the insertion of the word "personal" in the last sentence of the paragraph in the existing statement of policy was deleted.

The managers for the House are convinced that Congress already has indicated that it favors the use of excess property in lieu of the procurement of new items in carrying out the foreign aid program, and that a further and stronger statement of congressional intent on this subject would be desirable. They did not regard the reference to "excess personal property," rather than retention of the phrase "excess property," as adding anything to the meaning.

CHANNELING ASSISTANCE THROUGH MULTILATERAL PROGRAMS AND INTERNATIONAL ORGANIZATIONS—SECTION 102 (a) (SENATE—SECS. 101 (b) AND 102 (c))

Section 101 (b) of the Senate amendment included a statement that Congress urges that an increasing proportion of U.S. aid be placed on a multilateral basis.

The House bill contained no comparable provision.

Section 102 (c) of the Senate amendment included an amendment to section 205 of the act to increase from 10 to 15 percent the development loan funds which might be made available to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation, together with a proviso stating that with respect to any dollars expended pursuant to this authority, the United States shall use its voting power to vote for disapproval of any International Development Association (IDA) loan for any activity in a country to which assistance is suspended pursuant to section 620 (e) (1) of the act, which requires the suspension of U.S. aid to countries which expropriate U.S. property.

The House bill did not contain comparable provisions.

The managers on the part of the House agreed to accept the Senate language increasing the limit on the use of development loan

funds by the International Development Association, the International Bank for Reconstruction and Development or the International Finance Corporation from 10 to 15 percent, but refused to concur in a statement that "Congress further urges that the United States and other free world nations place an increasing portion of their assistance programs on a multilateral basis and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations."

The increase from 10 to 15 percent is permissive only. No use has been made of this authority in the past, and the Executive reports that no plan for allocating development loan funds to these international agencies is currently being considered for fiscal year 1966.

REGIONAL DEVELOPMENT IN AFRICA—SECTION 102 (b) (SENATE—SEC. 102 (d))

Section 102 (d) of the Senate amendment added a new section 206 to the act relating to regional development in Africa. The House bill did not contain a similar provision.

The House conferees accepted the Senate language. The new language reflects the view that, in promoting African economic development, African regional development institutions, including the recently created African Development Bank, should be utilized. In accepting this language, the conferees are of the opinion that the primary responsibility for free world economic assistance to Africa rests with Europe and that the role of the United States, at most, is that of an interested minority participant.

earmarking OF EXTENDED RISK GUARANTIES FOR HOUSING—SECTION 104 (a) (3) (B) (HOUSE—SEC. 103 (b) (3) (B))

Section 103 (b) (3) (B) of the House bill amended section 221 (b) (2) of the Foreign Assistance Act, which relates to extended risk guaranties, to provide that of the \$300 million of guaranties authorized to be issued under that section not less than \$150 million could be issued only for housing projects similar to those insured by the Federal Housing Administration.

The Senate amendment did not contain a comparable provision.

The managers on the part of the House agreed to a compromise, increasing the limit on extended risk guaranties which could be used for purposes other than housing to \$175 million. This has the effect of assuring that \$125 million of the \$300 million limit currently in effect on extended risk guaranties will be available for housing projects similar to those insured by the Federal Housing Administration. This would not preclude the use of more than \$125 million for hous-

ing should a demand in excess of this total for housing investments develop.

EXTENT OF INVESTMENT GUARANTY COVERAGE—SECTION 104 (b) (SENATE—SEC. 104 (b))

The Senate amendment included an amendment to section 221 (c) of the act, changing the existing limits on investment guaranty coverage from the value of the investment plus "actual earnings and profits" to the value of the investment plus "earnings or profits actually received."

The House bill did not contain a comparable provision.

The managers on the part of the House accepted a modification of the Senate language, limiting investment guaranty coverage to "earnings and profits actually accrued" rather than "received." It was the understanding of the committee of conference that it has always been the intent and the practice of the investment guaranty program that only earnings and profits actually accrued were covered and that the added language would further clarify this intent.

LATIN AMERICAN HOUSING GUARANTIES—SECTION 104 (e) (HOUSE—SEC. 103 (e); SENATE—SEC. 104 (e))

The House bill amended section 224 (a) of the act to continue the present program of pilot or demonstration private housing projects and to broaden the purposes of guaranties for housing projects in Latin America to include (a) development of institutions engaged in Alliance for Progress programs, particularly cooperatives, free labor unions, and savings and loan type institutions; (b) construction of lower income housing; and (c) increased mobilization of savings and improvement of housing conditions in Latin America.

The Senate amendment similarly broadened the purposes of section 224 (a) but deleted specific reference to cooperatives, free labor unions, and savings and loan type institutions.

In addition, the House bill added a new subsection 224 (b) (4) to the act, defining as eligible for Latin American housing guaranties investments in "housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions and cooperatives."

The Senate amendment contained a similar provision, but did not include specific reference to free labor unions and cooperatives.

The managers on the part of the House accepted amendments to the House language which added appropriate references to "private enterprise" and to "private investment" in each instance in order to make clear that it was not intended that the free labor unions, cooperatives, and savings and loan type institutions should have priority over other private enterprise in the development of housing in Alliance for Progress programs.

CEILING ON LATIN AMERICAN HOUSING GUARANTIES—SECTION 104 (e) (HOUSE—SEC. 103 (e); SENATE—SEC. 104 (e))

The Senate amendment increased from \$250 to \$350 million the total face amount of guaranties that may be issued for Latin American housing investments and provided that the authority to issue such guaranties should continue through June 30, 1968.

The House bill increased the issuing authority for such guaranties from \$250 to \$450 million and continued the authority to issue such guaranties through June 30, 1967.

The managers on the part of the House accepted a ceiling of \$400 million on the face amount of such guaranties, a figure which splits the difference between the \$350 million limit set by the Senate and the \$450 million set by the House. The authority to issue guaranties is continued through June 30, 1967.

ALLIANCE FOR PROGRESS—SECTION 105 (HOUSE—SEC. 104; SENATE—SEC. 106)

The House bill amended section 252 of the act to authorize an appropriation of \$600 million for fiscal year 1966 for the Alliance for Progress of which not more than \$85 million may be used for technical cooperation grants. The balance may only be used for dollar repayable loans.

The Senate amendment contained an identical authorization but limited the amount that may be used for technical cooperation grants to \$70 million.

The committee of conference agreed that not more than \$75 million of the \$600 million may be used for such grants. It was recognized that technical cooperation funds have financed a number of programs basic to the development of the Latin American countries. Among these are programs for improved tax collection services conducted by the U.S. Internal Revenue Service, support for educational programs for the Central American regional integration system, and programs for the improvements of savings and loan and credit facilities in a number of countries. It should be noted that the figure agreed upon does not increase the authorization contained in the bill; it is an allocation made from the \$600 million which was in the House bill and in the Senate amendment. The reduction from \$85 million to \$75 million has the effect of reserving a larger portion of the \$600 million for dollar repayable loans.

STANDBY AUTHORIZATION FOR SOUTHEAST ASIA—SECTION 108(a)(2) (HOUSE—SEC. 107(a)(2); HOUSE—SEC. 102(a); SENATE—103(a); HOUSE—SEC. 106; SENATE—SEC. 108)

The House bill authorized for use in southeast Asia such sums for economic and military assistance as may be necessary in fiscal year 1966. It required the President to present to the Committee on Foreign Affairs and the Committee on Foreign Relations the programs to be carried out with the appropriations requested by the President under this authority.

The Senate amendment did not contain a comparable provision.

On June 1, 1965, the President sent a message to the Congress, requesting the authorization of \$89 million for the Agency for International Development for expanded programs of economic and social development in southeast Asia. This message was received after the passage of H.R. 7750 by the House but prior to its consideration by the Senate.

The Senate amendment authorized the \$89 million requested by the President (1) by increasing the authorization for technical cooperation and development grants from the figure of \$210 million contained in section 102 of the House bill to \$219 million, and (2) by increasing the authorization for supporting assistance by \$80 million.

The committee of conference agreed to a compromise according to which the managers on the part of the Senate accepted the figures for development grants and technical cooperation and for supporting assistance in the House bill, and the managers on the part of the House accepted a limitation of \$89 million on the special authorization for southeast Asia contained in section 107(a)(2) of the House bill.

In view of the fact that the House provision for an open-end authorization of funds was replaced by a specific authorization of \$89 million for that area, the managers on the part of the House agreed to delete the requirements for a determination by the President and for special reports to the Committee on Foreign Relations in the Senate and the Speaker of the House of Representatives in connection with the use of funds appropriated under this authority.

CIVIC ACTION PROGRAMS—SECTION 201(C) (HOUSE—SEC. 201(C); SENATE—SEC. 201(C))

The House bill amended section 505 of the act to include authority for assisting foreign military forces in less developed friendly countries to construct public works and to engage in activities "helpful to the economic development of such friendly countries." It also recorded the sense of Congress that foreign military forces should not be maintained or established solely for civic action and that civic action should not detract significantly from the capability of the military to perform its military function.

The Senate amendment was similar to that contained in the House bill except that it authorized assistance for activities helpful to the "social" as well as economic development of friendly countries and provided that the statement of the sense of Congress should be followed "insofar as practicable."

The Senate receded with an amendment to the House bill that would authorize civic action programs helpful to the social as well as the economic development of the country. The inclusion of the word "social" will remove an ambiguity that may exist as to health and literacy programs carried on within the limitations contained in the House amendment.

DRAWDOWN AUTHORITY—SECTION 201(g) (HOUSE—SEC. 201(g); SENATE—SEC. 201(g))

The House bill amended section 510 of the act to eliminate the requirement that the appropriations making reimbursement for defense articles and services used pursuant to the special authority should be made to the President, as are military assistance appropriations, so as to permit making such appropriations to the Department of Defense or to the President or any other agency as may be requested by the Executive.

The Senate amendment contained no comparable provision and retained existing law which authorizes an appropriation only to the President.

The managers on the part of the House accepted the Senate version. Appropriations for the various segments of the foreign assistance program are voted to the President. Acceptance of the Senate amendment retains this policy, thus permitting all foreign assistance appropriations to be contained in one appropriation act.

RESTRICTIONS ON MILITARY AID TO LATIN AMERICA—SECTION 201(h) (SENATE—SEC. 201(h))

The Senate amendment to the House bill amended section 511 of the act in two respects. First, section 511(a) was amended to provide that, of the \$55 million annually permitted for grant programs of defense articles for American Republics, \$25 million may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States. Second, section 511(b) was rewritten to provide that, to the maximum extent feasible, military assistance shall be furnished to American Republics only in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. In addition, the President was directed to submit quarterly reports on the implementation of section 511(b).

The House bill contained no comparable provision.

The managers on the part of the House accepted the Senate provisions with amendments.

Section 511(a) of existing law authorizes during each fiscal year the use of "a part" of the military aid funds for Latin America "for assistance in implementing a feasible plan for regional defense." The present situation in the Dominican Republic has pointed up the need for more positive and clearer language to encourage the establishment of an

inter-American military force. Accordingly, that language in existing law is repealed and is replaced by the provision that up to \$25 million of the \$55 million may be used on a cost-sharing basis for assistance to an inter-American force under the control of the Organization of American States (OAS).

Two points should be emphasized: First, the \$25 million is a ceiling. It does not have to be used only for this purpose should it prove impracticable to establish such a force. Second, it is required that the other American Republics contribute financially to the inter-American force. No formula for cost sharing is written into the law; this will be a matter of negotiations. The language makes clear that such a force will not be financed entirely by the United States. If an inter-American force can be created it will relieve the United States of much of the burden of trying to maintain peace in this hemisphere.

The proviso added by the conferees to section 511(a) stipulates that the costs of the defense articles supplied by the United States for the inter-American force in the Dominican Republic shall not be charged against the \$55 million ceiling. The conferees recognized that the continuing costs of the operation in the Dominican Republic cannot be determined. To charge these costs against the ceiling imposed by the law might make impossible any further bilateral or multilateral programs during the fiscal year.

The amended language in section 511(b) is a further effort to encourage the American Republics to work out "joint plans (including joint plans relating to internal security problems)." It is a logical sequel to the Special Consultative Committee on Security Against the Subversive Actions of International Communism, established at the Punta del Este Conference in early 1962, and the current efforts to deal with the situation in the Dominican Republic. The new language does not make military assistance to the American Republics contingent upon the adoption of joint plans; it is permissive. Further, it does not depend upon unanimous agreement by the members of the OAS. For example, a group of contiguous nations may be able to work out an acceptable plan to cope with internal security problems common to those nations.

The committee of conference recognized that progress in this field may be slow but that the time had come to begin a serious effort to share the responsibilities for hemispheric peace and security. The President is required to submit semiannual reports to the Congress on the progress that has been made under this section of the law.

In agreeing to the Senate amendment providing that \$25 million authorized for military aid to Latin America may be used on a cost-sharing basis to create an inter-American military force, the conferees desired to make it clear that none of these funds is to be used to finance research contracts for studies of opinion or attitudes or other sociological or behavioral studies unless such studies have the approval of the Secretary of State.

USE OF FOREIGN CURRENCIES—SECTION 301(b) (SENATE—SEC. 301(C))

The Senate amendment included an amendment to section 612(c) of the act, substituting a new second paragraph which required AID administrative officials to certify upon approving each dollar payment voucher the reasons for use of dollars, instead of local currencies, whenever U.S.-owned local currencies were available.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision with an amendment to retain the definition of excess foreign currency contained in existing law

which had been repealed by the Senate amendment. The House managers were convinced that there had been too many instances in which dollars were spent when foreign currencies might have been used, and that requiring a modification of existing AID procedures would be more effective than a further directive that maximum use should be made of such currencies.

Officials responsible for approving vouchers can make the required certification only if they have at hand all of the necessary facts. One of the reasons why, on occasion, foreign currencies have not been used has been that officials responsible for procurement or for making payments were not fully informed as to their availability. It will be necessary for the Agency for International Development to give a higher priority and to devote more man-hours than it has in the past to making sure that in procurement negotiations and in making disbursements, the necessary data as to the availability of foreign currency and guidance as to its use are in the hands of the responsible personnel.

In situations where foreign currencies clearly are not available for procurement, such as in buying products in the United States, or procurement in countries where the demand for local currency to meet U.S. Government expenses considerably exceeds the supply, certification of individual vouchers should not be necessary.

HIGHEST RATE OF INTEREST OBTAINABLE ON U.S.-OWNED FOREIGN CURRENCIES—SECTION 301 (C) (SENATE—SEC. 301 (D))

The Senate amendment added a new subsection 613(d) to the act, providing that wherever U.S. assistance agreements under any act resulted in holdings of U.S.-owned local currencies, the Secretary of the Treasury should issue regulations that required, in all such agreements, that the United States should get interest income at the "highest interest rate lawfully obtainable from the recipient country or agencies thereof in the respective countries."

The provision allowed the Secretary of State to waive the requirement if he determined that the receipt of interest income was not in the U.S. national interest. A report to the Congress of each such determination by the Secretary of State was required.

The House bill did not contain a comparable provision.

The managers on the part of the House recognize that the United States has on deposit in foreign banks substantial amounts of foreign currencies derived from the sale of surplus agricultural commodities under title I of Public Law 480 and from other sources, and that under normal circumstances interest should be paid to the United States on such deposits. Although the Agency for International Development gave assurance that it is U.S. policy to collect such interest, it has not always done so. The conferees are of the opinion that a legal requirement to this effect is necessary.

The language of the Senate amendment was accepted, except that the reference to "the highest interest rate" to be obtained was deleted. The committee of conference strongly favors obtaining the highest rate of interest possible and is opposed to the acceptance of any "token" interest payment. The committee recognizes, however, that such a rate ought to be fixed by negotiation and that a general legal requirement would not be appropriate because of varying conditions in individual countries.

INVESTMENT GUARANTIES (SENATE—SEC. 301 (E) (1) AND (3))

The Senate amendment contained language added by a voice vote on the floor of the Senate, designed to prevent a repetition of an incident which occurred in a developing country in which it was claimed that rights of certain American investors had

been violated. No hearings had been held on the case in question, nor on the amendment designed to alleviate it. Consideration by the committee of conference developed that the issues were much less clear and far more complex and controversial than was at first supposed. The provision was deleted with the understanding that, should circumstances warrant, the entire subject could be reviewed at length and a determination made during the next annual hearings on foreign aid.

ACT OF STATE DOCTRINE—SECTION 301 (D) (2) (HOUSE—SEC. 301 (C) (2); SENATE—SEC. 301 (E) (2))

The House bill extended for an additional year the provisions of section 620(e) (2) of the act which provides that no court in the United States shall decline on the ground of the act of state doctrine to make a determination on the merits or to apply principles of international law in a case in which an act of a foreign state is alleged to be contrary to international law.

The Senate amendment made the provision permanent law and in addition modified the text to make it clear "that the law does not prevent banks, insurance companies, and other financial institutions from using the act of state doctrine as a defense to multiple liability upon any contract or deposit or insurance policy in any case where such liability has been taken over or expropriated by a foreign state."

The House receded.

The managers on the part of the House accepted the Senate provisions with the understanding that this would not preclude either committee from reviewing the issues and making a further determination when hearings are held next year on renewal of the foreign aid authorization.

SANCTIONS AGAINST U.S. FISHING VESSELS AND CONTROL OF SHIPPING TO NORTH VIETNAM—SECTION 301 (D) (4) (SENATE—SEC. 301 (E) (5); HOUSE—SEC. 301 (C) (4))

The Senate amendment added a new subsection 620(o) to the act under which no assistance could be furnished under the act to any country which (1) has extended, or hereafter extends, its jurisdiction for fishing purposes over any area of the high seas beyond that recognized by the United States, and (2) hereafter imposes any penalty or sanction against any U.S. fishing vessel on account of its fishing activities in such an area. The amendment did not apply to extensions of jurisdiction pursuant to international agreement to which the United States is a party.

The House bill did not contain a comparable provision.

The House bill, however, included an amendment to section 620 of the Foreign Assistance Act, adding a new subsection (n) providing that, until the President determines that North Vietnam has ceased all efforts to overthrow the South Vietnamese Government, no funds authorized to be made available under the act (except under sec. 214) may be used for assistance to any country which failed to take appropriate steps, not later than 60 days after enactment of the bill, to prevent ships or aircraft under its registry from transporting equipment, materials, or commodities to or from North Vietnam. The Senate amendment contained no such provision.

The managers on the part of the House agreed to a compromise which eliminates the rigid prohibitions against supplying U.S. assistance in both instances but requires that consideration be given to the behavior of recipients of our aid with respect to these problems in determining the nature and amount of aid to be provided. Language was accepted, indicating that consideration should be given to excluding from U.S. assistance any country which imposes any penalty or sanction against any U.S. fishing ves-

sel on account of its fishing activities in international waters rather than a requirement that aid be terminated under such circumstances. A modification of the provision in the House bill relating to ships transporting cargo to North Vietnam was also agreed upon to the effect that the President shall consider denying assistance to any country failing to prevent its ships from transporting cargo as provided in the House bill, instead of prohibiting U.S. aid to such countries regardless of other circumstances.

The managers on the part of the House agreed that the United States should give consideration to the treatment of U.S. fishing vessels by foreign governments in determining the nature and amount of U.S. assistance made available to such governments. At the same time, they recognized that a complete prohibition of aid to governments interfering with U.S. vessels might in certain instances prevent the attainment of U.S. foreign policy objectives and adversely affect the entire program of the Alliance for Progress.

In accepting a modification of the language relating to assistance to countries permitting their ships to carry cargo to and from North Vietnam, the managers on the part of the House recognized that the complete withdrawal of free world carriers from the North Vietnam trade, even if it could be achieved, would have only a very limited effect upon the North Vietnam economy and military efforts. Military equipment and petroleum products are brought into the country on Communist-flag vessels. North Vietnam's foreign trade is already heavily oriented toward Communist China and the U.S.S.R. Free world trade amounted to only about 17 percent of value of North Vietnam's total trade for 1963. Although free world ships carry 45 percent of North Vietnam's seaborne imports by volume and 85 percent of seaborne exports (principally coal to Japan), the Communist countries could, in time, arrange it so that Communist-flag vessels and planes and the rail link with Communist China carried all the imports and exports Hanoi needed.

The language of the House bill afforded little negotiating leverage because most of the countries whose ships are still in the North Vietnam trade receive little or no assistance from the United States. The major nation with ships in this trade—the United Kingdom—no longer receives either economic or military assistance from the United States. The United States is making high-level diplomatic representations to obtain free world cooperation in getting ships and planes out of the North Vietnam trade, and a number of vessels have already left the trade because of commercial and safety considerations.

The managers on the part of the House accepted the argument that negotiations on this matter would be more effective if there was not a rigid requirement that aid be terminated.

EMPLOYMENT OF FOREIGN SERVICE PERSONNEL—SECTION 302 (C) (HOUSE—SEC. 302 (C); SENATE—SEC. 302 (B))

The House bill amended section 625(d) of the act by increasing from 20 to 50 the number of Foreign Service Reserve officers who, at any one time, may be initially assigned to duty in the United States for not more than 2 years.

The Senate amendment increased the limitation on such personnel from 20 to 30.

The Senate receded with an amendment which increased the limitation on such personnel to 40.

ELIMINATION OF MISSIONS—SECTION 302 (F) (SENATE—SEC. 302 (E))

The Senate amendment amended section 631 of the act by providing that in countries where the economic and military assistance program does not exceed \$1 million in a fiscal year, the AID mission staff personnel shall

be withdrawn, and the program administered by economic officers and, where military aid is involved, by military officers attached to the U.S. diplomatic mission.

The House bill did not contain a comparable provision.

The managers on the part of the House receded with an amendment that removed the criterion of a program of \$1 million or less in any fiscal year as the basis for the withdrawal of personnel administering such economic or military assistance programs. In place of this rigid figure, the committee of conference inserted a provision that reductions in personnel should be undertaken "wherever practicable, especially in the smaller programs." The committee of conference is emphatic in seeking to reduce the size of our AID missions, particularly those in the smaller programs. It recognized that some progress has been made in this direction but believes that further progress is possible without impairing the effectiveness of our programs and, at the same time, resulting in a reduction of administrative costs. By the removal of the \$1 million figure, the committee expects that the Administrator of AID will examine programs in all the countries, particularly the smaller countries, with a view toward achieving further economies in money and personnel.

ADMINISTRATIVE EXPENSES—SECTION 302 (i)
(HOUSE—SEC. 302 (h); SENATE—SEC. 302 (h))

The House bill amended section 637(a) of the act to authorize an appropriation of \$53,240,000 for administrative expenses for fiscal year 1966.

The Senate amendment authorized an appropriation of \$55,240,000 for the same purpose.

The Senate receded with an amendment providing an authorization for an appropriation of \$54,240,000.

MILITARY SALES—SECTION 302 (k)
(SENATE—SEC. 302 (j))

The Senate amendment added a new section 640 to the act, excluding military sales from several provisions of the act prohibiting U.S. assistance.

The House bill did not contain a comparable provision.

The managers on the part of the House accepted the Senate language. They regarded the Senate provision as being a formal statement of the policy that sales of military equipment and services for dollars or on credit terms within limits accepted as being normal for commercial transactions were not subject to certain restrictions applicable to grant aid, which policy has always guided the Department of Defense. Military sales are subject to the restriction that sales may be made only to friendly nations when the President finds that such sales will strengthen the security of the United States and promote world peace.

It was the understanding of the managers on the part of the House that this authority would apply only to bona fide sales for value as defined in section 644(m) of the act to purchasers judged to be capable of making payment in full under reasonable credit terms. Any transaction, although technically a sale, where prospects of payment were in doubt or for currencies not needed by the United States would involve an element of grant assistance and would be subject to all of the restrictions relating to grant aid.

It is in the interest of the United States that the forces of friendly nations, on which we rely either to contribute to the common defense strategy or to defend against internal subversion, should be adequately equipped. It is better that equipment be supplied on a sales rather than a grant basis. It is not to our advantage to impose the same conditions on nations ready and willing to buy that we do on recipients of grant aid.

LIMITATION ON AGGREGATE AUTHORIZATION FOR FISCAL YEAR 1966—SECTION 303 (d) (SENATE—SEC. 303 (d))

The Senate amendment added a new section 649 to the act, which limited the aggregate authorization for an appropriation for fiscal year 1966 to the sum of \$3,243,000,000.

The House bill contained no comparable provision.

The managers on the part of the House receded with an amendment, limiting the aggregate authorization for an appropriation to \$3,360,000,000.

This sum must be measured against the Executive appropriation request for fiscal year 1966 of \$3,459,470,000. The latter figure includes amounts specifically authorized in this bill as well as the Executive appropriation requests against sums previously authorized for the Development Loan Fund, the Alliance for Progress, and for State Department administrative expenses. As a result of adjustments in amounts made in this bill for specific programs, together with those previously authorized and for which the Executive is requesting appropriations, the comparable figure is \$3,457,670,000. The effect of the ceiling imposed by this section of the bill is to reduce the total Executive program by \$97,670,000. It is left to the judgment of the Executive to effect reductions that will bring the programs funded by this act within the limit imposed by this section.

The managers on the part of the House strongly objected to the imposition of an overall reduction on the authorization for foreign aid rather than cutting individual authorizations. The committees of the Congress as a result of their hearings on the program should be sufficiently informed as to the merits of the various segments of the program to exercise judgment as to the places where cuts are justified. To impose a reduction in the overall ceiling on the total authorization, leaving discretion as to where the cuts will be made, is an abdication of responsibility by the Congress.

The individual authorizations approved by the House and Senate differed by such small amounts that there was no practicable way to compromise, adjust, and distribute an overall reduction of the magnitude of the cut provided in the Senate amendment other than to impose a similar limitation on the funds authorized.

PROPOSALS FOR 2-YEAR AUTHORIZATION AND FOR TEMPORARY PLANNING COMMITTEE

The two most troublesome issues in conference arose first from a number of provisions in the Senate bill which in totality had the effect of authorizing the aid program for a period of 2 years; and, second, from the so-called Morse amendment calling for termination by June 30, 1967, of the foreign aid program as presently constituted and for a thorough review by a Planning Committee to determine the nature of any aid programs that might be continued after June 1967.

As conference discussions continued, it became apparent that although the House conferees could not agree to a blanket 2-year authorization under present conditions, they were not irrevocably opposed to authorizing foreign aid funds for longer than a year regardless of circumstances. There was general agreement also that many of the shortcomings of the foreign aid program which have evoked public criticism are basic and cannot be corrected merely by improvement in administrative procedures or in the quality of personnel.

It was the consensus of the committee of conference that there have been so many changes in the world situation since 1961 that a most careful, overall review of the basic premises behind the foreign aid program is overdue.

After protracted discussion of the issues involved in the 2-year authorization and the Senate provisions relating to termination of the program as constituted and the creation of a Planning Committee, the Senate conferees reluctantly agreed to recede.

While appreciating that conferees cannot blind their colleagues in subsequent sessions of the Congress, the House conferees, in view of the action of the Senate conferees agreed to include the following expression of informal understandings in the statement on the part of the managers:

1. During consideration of the Foreign Assistance Act of 1966, House members of the committee of the conference will urge their colleagues to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years. The House of Representatives has approved authorizations for various aspects of the programs for periods of 2 years or longer on a number of occasions in the past, and the House conferees are prepared to suggest the consideration of longer term authorizations, taking into account the demands on the U.S. budget and the nature of the world situation next year.

If 2-year authorizations were made, the authorizing committees of the House and Senate might direct their attention in alternate years primarily to a review of aid policies and an evaluation of operations rather than focusing on the programs submitted by the Executive for the year to come.

2. The conferees of both Houses urge the President to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries.

3. Finally, the House conferees recognize that the willingness of the Senate conferees to recede on these provisions represents not an abandonment of the positions taken by the Senate, but an attempt to reach a reasonable compromise. This was done by deferring for 1 year decisions on Senate provisions calling for a long-term authorization. There will thus be opportunity next year for the Congress and the administration to examine in depth proposals for the improvement of the foreign aid program.

THOMAS E. MORGAN,
EDNA F. KELLY,
WAYNE L. HAYS,
BARRATT O'HARA,
W. S. MAILLIARD,
PETER H. B. FRELINGHUYSEN,
Managers on the Part of the House.

FOOD AND AGRICULTURE ACT OF 1965

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 9811) to maintain farm income, to stabilize prices and assure adequate supplies of agricultural commodities, to reduce surpluses, lower Government costs and promote foreign trade, to afford greater economic opportunity in rural areas, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9811, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday it was agreed

that title I of the bill would be considered as read and open for amendment at that point.

The Clerk will now report the committee amendment as printed in title I of the bill.

The Clerk read as follows:

Committee amendment: page 4, line 3, strike out "Act" and insert "title".

The committee amendment was agreed to.

Mr. JONES of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been disappointed, disillusioned, and somewhat surprised at the turn that has been taken in this bill. The House Committee on Agriculture worked a long time trying to arrive at legislation which would improve the agricultural situation in this country. I think that most of us admit it does need some improvement. Now, particularly in the cotton section of this bill, which is, of course, one of the more controversial sections, the bill that was reported from our committee at least started in the right direction to make some corrections. One of the things that has happened in the last several years has been that we have had a program which has produced more cotton than we can use domestically or can have any hope of selling in the foreign markets. We passed a bill last year that, of course, the proponents felt would help to correct that situation. I was one of the few Members coming from a cotton section who voted against the cotton bill last year. At that time I made certain predictions. While I do not claim I am smart or know everything that is to be known about cotton, I think the prediction I made at that time has come true. At that time the bill was passed due to the pressure and the influence of the mills. They got a real bonanza out of that bill. They had promised before our committee—and the testimony in the hearings will substantiate this—the mill operators told us that the additional cost of this bill would come back to the consumer in the form of lowered prices. They also told us that there would be increased consumption. Well, they did have some increased consumption in the domestic market of around 600,000 to maybe 800,000 bales of cotton, but on the other hand we lost more in the export market and came up with a net loss and added 1 million bales to the surplus that we have.

We have had an attractive program for the producer, and this last bill was very attractive for the mills. I predicted more than a year ago—and I stand on that statement today—that by 1970 the people that will be producing cotton will be having to produce at least two bales of cotton to the acre and they will have to be willing to sell that cotton on the basis of 25 cents. If they do not do that, they are going to be out of the cotton business.

This bill we had which was reported from the committee would have gone in that direction. In the past we have had, and for the benefit of those who are not familiar with cotton production, we have had what we call a release and reapportionment procedure in the law permit-

ting people who had cotton allotments, which were based on history—every person who had grown cotton had an opportunity to have an allotment and to grow it. Many of those people or a great number of people with small allotments did not want to grow cotton.

But their allotment was valuable to them because it added to the value of their land, so they would release their allotment of cotton and those allotments would go to people who had allotments and who wanted to expand their production. That might be all right, because we confined the release to the State in which the cotton allotments were. We did not allow them to cross State lines. But we did have this situation, that in many areas of the country in some States, we would have cotton allotments that were on land which yielded half a bale of cotton to the acre, and when they released the cotton allotment, it was not grown in the county where released, but was reapportioned and grown on land where the yields were much larger.

(Mr. JONES of Missouri's time having expired, he asked and was given permission to proceed for 2 additional minutes.)

Mr. JONES of Missouri. In the Cotton Belt, where cotton is grown, there are 1,049 counties—468 of those 1,049 counties released cotton which was not wanted by the growers in that county, and that cotton acreage was subsequently released to the State committees and was allocated to people who wanted to grow more cotton. In other words, almost 500 counties out of 1,049 had no restrictions on how much cotton they could grow. But in releasing this cotton from low-yield counties, it was transferred to high-yield counties. Last year there were 1½ million acres of cotton allotments released and reallocated to producers in other counties. I would say that in every instance, or at least in practically every instance, it went to higher producing areas. In some instances, it went from areas that were producing only half a bale and went to a producer who was producing two and three bales of cotton to the acre. That cost the Government money in two ways. In other words, we piled up this surplus that we still have today; we have next to the largest surplus we have ever had in this cotton area. We also know that every time the Government supports cotton at a higher price than it can be sold for, it goes into loan and the Government takes a loss; at least, it has in many instances. During the early part of the program, it was not true. When we get to the amendments that are going to be offered to this section, I will have more to say about it. But I want you to think over this afternoon the amendments that are going to be offered to this cotton section. They are going in the wrong direction. They are not going to correct the situation one iota. They are going to make the situation worse and I will tell you why when the amendment to which I have referred is offered.

Mr. JONAS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. JONAS asked and was given permission to revise and extend his remarks.)

Mr. JONAS. Mr. Chairman, the bill under consideration contains many provisions which I do not approve and cannot support. However, I understand that amendments will be offered which, if adopted, will substantially improve the bill. I hope that the bill will be so improved, following action by the Committee of the Whole this afternoon, so that a majority of the Members of the House can vote for it on final passage.

Mr. Chairman, I am not going to discuss the wheat title, the feed grains title, or the other titles that are in controversy. Considerable debate occurred yesterday on those titles and additional debate will occur this afternoon as amendments are offered.

Therefore, Mr. Chairman, I have elected to confine my comments to a discussion of the effect which this bill will have on one-price cotton.

Mr. Chairman, I do not believe many Members contend that it is fair or equitable for the Federal Government, by legislative enactment, to make it possible for foreign competitors of domestic textile mills to buy American-grown cotton at one-third less than the American mills have to pay for that same cotton.

Mr. Chairman, in order to try and bring into sharp focus the reason why I think it is important for us to continue to maintain a one-price cotton system, I am going to reduce my comments to a few specific points. I do not believe they need elaboration or need argument, because I believe their mere recital makes approval of one-price cotton compelling.

Listen to these points:

First. By any standard used, the cotton textile industry is one of the most important industries in the United States. Approximately 1 million men and women derive their livelihoods directly from this industry, and if you include all allied activities the number goes up to 9 million—approximately one-eighth of the entire work force of the country.

Second. Last year the outlay of capital for plant and equipment to modernize and expand the textile industry amounted to approximately 17 percent total net worth, as compared to an average of 9 percent for other major industries. Textile mills last year spent around \$760 million for new plant and equipment, and the Department of Commerce estimates that such expenditures will be close to \$1 billion in 1965. When based upon net worth, the textile industry is presently spending more for capital improvements than any other major industry in the country.

Third. Since late 1963, there have been three wage increases of 5 percent each for textile workers, all attributable to the conversion from two-price to one-price cotton. The first increase came in anticipation of one-price cotton and the last two following the enactment of the legislation which brought the new system into effect. In the short period of 18 months, textile employees have received more than \$500 million through wage increases, and this does not take

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2. FOREIGN AID. Agreed to 244 to 150, the conference report on H. R. 7750, the foreign aid authorization bill (pp. 20228-33). See Digest 152 for items of interest.
Rep. Udall commended the Alliance for Progress on its fourth anniversary. pp. 20315-6
3. TRANSPORTATION. Agreed to the conference report on H. R. 5401, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system. This bill will now be sent to the President. pp. 20234-5
4. STATE-JUSTICE-COMMERCE-JUDICIARY APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 8639. pp. 20233-4
5. FOREIGN TRADE. Conferees were appointed on H. R. 7969, to correct certain errors in the Tariff Schedules of the U. S. (p. 20228). Senate conferees have already been appointed.
Conferees were appointed on H. R. 5768, to extend for an additional 3-year period (until Nov. 7, 1968) the existing suspension of duties on certain classifications of yarn of silk (p. 20228). Senate conferees have not yet been appointed.
6. RESEARCH. The Interstate and Foreign Commerce Committee reported with amendment H. R. 3420, to provide economic growth by supporting State and regional centers to place the findings of science usefully in the hands of American enterprise (H. Rept. 817). p. 20322
7. FOREIGN SERVICE. The Foreign Affairs Committee reported with amendment H. R. 6277, to amend the Foreign Service Act of 1946 (H. Rept. 830). p. 20322
8. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 10586, making supplemental appropriations to HEW for fiscal year 1966 (H. Rept. 818). p. 20322
9. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendment H. R. 4851, to amend the Small Reclamation Projects Act of 1956. p. D823
10. TRANSPORTATION RESEARCH. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 5863, to authorize the Secretary of Commerce to undertake research and development in high-speed ground transportation. p. D823
11. INSECTICIDES; FISHERIES. A subcommittee of the Merchant Marine and Fisheries Committee voted to report to the full committee S. 1623, to authorize a continuing study by Interior of the effects of insecticides, herbicides, fungicides, and other pesticides upon fish and wildlife for the purpose of preventing losses, and H. R. 23, with amendment, to authorize Interior to initiate a program for the conservation and development of anadromous fish in cooperation with the States. p. D823
12. ORGANIZATION; LAWS. A subcommittee of the Judiciary Committee voted to report to the full committee H. R. 10104, to codify the general and permanent laws relating to the organization of the Federal Government and to its employees. p. D823

13. PERSONNEL; MANPOWER. Received a report of the Post Office and Civil Service Committee on current manpower issues in the Federal Government (H. Rept. 816). p. 20322
14. WATER RESOURCES. Rep. Brock spoke in support of his bill, H. R. 10539, to establish a national water resources trust fund for research and development of water resources and their use. p. 20310
15. LEGISLATIVE PROGRAM. Rep. Albert announced that H. R. 9567, the proposed Higher Education Act of 1965, will be considered next week. pp. 20299-300
16. ADJOURNED until Mon., Aug. 23. p. 20321

SENATE

17. POVERTY. Passed with amendments H. R. 8283, to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964 (pp. 20325, 20326-30, 20332-37, 20340-78). Conferees were appointed (p. 20377). The bill amends title III (Special Programs to Combat Poverty in Rural Areas) of the Economic Opportunity Act so as to make clear that prohibition against loans to cooperatives organized for manufacturing purposes does not prevent loans to cooperatives processing dairy products or similar edible farm products; to clarify the authority granted with respect to the types and scope of assistance and the institutions through which assistance may be extended to migrant workers and their families; and to authorize the appropriation of \$55 million for fiscal year 1966 for carrying out the purposes of title III.

Agreed to the following amendments:

By Sen. McGovern, to assure that benefits under the legislation are distributed equitably between the urban and rural areas. pp. 20353-54

By Sen. Javits, to authorize hearings on a Governor's request regarding proposed contracts, agreements, grants, loans, or other assistance for carrying out titles I and II covering youth programs for urban and rural community action programs. pp. 20354-57

Rejected the following amendments:

By Sen. Prouty, 44-48, and Sen. Dominick, 49-42, to permit a Governor's veto on youth, urban and rural community action programs. pp. 20326-37

By Sen. Prouty, 35-58, to provide that all functions under title III (relating to rural areas) be transferred to the Secretary of Agriculture. pp. 20341-46

18. STOCKPILE. The Armed Services Committee reported without amendment H. R. 9544, to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 620,000 long tons of natural rubber from the national stockpile (S. Rept. 626). p. 20378
19. LOANS. The Agriculture and Forestry Committee reported with amendment H.R. 4152, to provide means for expediting the retirement of Government capital in the Federal intermediate credit banks, including an increase in the debt permitted such banks in relation to their capital and provision for the production credit associations to acquire additional capital stock therein, and to provide for allocating certain earnings of such banks and associations to their users (S. Rept. 630). p. 20378



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No. 153

House of Representatives

The House met at 12 o'clock noon.

Rabbi Louis Eliezer Wolfish, Northeast Jewish Center, Yonkers, N.Y., offered the following prayer:

אבינו שבשמים

Our Heavenly Father, we seek Thy blessing and guidance in these serious and soul-stirring times, when freedom loving America, which is founded upon liberty and justice for all, is being threatened by the onslaught of godless, ruthless, and unprincipled aggressors.

While we must develop superior military might, we must also be filled with Thy Holy Spirit to preserve the superiority of our democratic way of living.

Endow them with understanding to guide America to continue to be a citadel of freedom and ray of light and hope to all those who are now living in darkness.

Hasten the day when universal peace will prevail throughout the world with freedom and justice for all.

Behold how goodly and how pleasant, when brethren dwell together.

Our Father in Heaven, we ask Thy blessing upon these Members of our Congress assembled to deliberate and decide the welfare of all the American people. May they successfully carry the awesome responsibilities they have freely assumed in this most scientifically advanced and perilous generation in history.

Grant us Thy inspiration as we seek the solution to political, social, and economic problems; to eradicate prejudice, hatred, suffering, racial tension, hunger, armed conflict, and oppression; to achieve lasting peace and brotherly love.

Teach us, O G-d, to ever appreciate the priceless heritage of freedom endowed us by our forefathers. From the immortal words of the first emancipator, Moses, "Let my people go," to the biblical command, "Proclaim liberty throughout the land and to all the inhabitants thereof," from the historic demand of Patrick Henry, "Give me liberty or give me death," to the declaration "that all men are created equal," to this very day men have never ceased yearning and dying, for liberty.

May mankind soon usher in the long-awaited millennium when the rays of freedom shall enlighten the world, when

life, liberty, and the pursuit of happiness shall be the irrevocable right of all men for all times.

Av Horachamim Shochen Bamromin.

G-d of mercy, who dwellest on high: In Thy fatherly care do we place our faith and our trust. Unto Thee our eyes are turned in humble supplication, and unto Thee our hearts are grateful for the abundance of blessings that Thou dost bestow upon us citizens of this great democracy.

Help us, O Heavenly Father, never to become casual, or to lose our sensibility, consciousness, and appreciation of Thy grace in permitting us to live and toil in a free and unshackled society. No greater gift can man ask; no greater gift can man receive.

O gracious Father, verily it was Thou who didst inspire man and give him the superlative intellect to solve the awesome mysteries in realms on high and in the areas beyond the horizon.

At the same time, we implore Thee to stir and move us to search for answers in the innermost recesses of our hearts, so that we may ferret out all vestiges of inhuman discriminations and unspeakable cruelties that are untenable in this advanced stage of civilization.

Finally, we ask Thy blessings upon the President and the Vice President of these United States, and upon our legislators. Concretize their aspirations to eradicate poverty and disease from this Nation of plenty. Crystallize their hopes for a tolerant society. Answer their prayers that accompany their efforts to bring serenity, sobriety, and peace to a confused and despairing world.

All this we ask in Thy name, O Thou who art above us. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1481. An act for the relief of the estate of Donovan C. Moffett;

H.R. 1763. An act to amend section 1825 of title 28 of the United States Code to authorize the payment of witness' fees in habeas corpus cases and in proceedings to vacate sentence under section 2255 of title 28 for persons who are authorized to proceed in forma pauperis;

H.R. 3750. An act for the relief of certain individuals;

H.R. 3990. An act to amend section 1871 of title 28, United States Code, to increase the per diem and subsistence, and limit mileage allowances of grand and petit jurors;

H.R. 3992. An act to amend section 753(f) of title 28, United States Code, relating to transcripts furnished by court reporters for the district courts;

H.R. 3997. An act to amend section 753(b) of title 28, United States Code, to provide for the recording of proceedings in the United States district courts by means of electronic sound recording as well as by shorthand or mechanical means;

H.R. 4719. An act for the relief of Josephine C. Rumley, administratrix of the estate of George S. Rumley; and

H.R. 5497. An act to amend paragraphs b and c of section 14 of the Bankruptcy Act.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4465. An act to enact part III of the District of Columbia Code, entitled "Decedents' Estates and Fiduciary Relations," codifying the general and permanent laws relating to decedents' estates and fiduciary relations in the District of Columbia; and

H.R. 6964. An act to amend section 4082 of title 18, United States Code, to facilitate the rehabilitation of persons convicted of offenses against the United States.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 993. An act for the relief of Dr. Oscar Valdes Cruz;

S. 1154. An act to incorporate the American Academy of Actuaries;

S. 1587. An act to amend the Tucker Act to increase from \$10,000 to \$50,000 the limitation on the jurisdiction of the U.S. district courts in suits against the United States for breach of contract or for compensation;

S. 1701. An act for the relief of Dr. Jose M. Quintero;

S. 1802. An act for the relief of Dr. Jose Raul C. Soler y Rodriguez, and his wife Gladis B. Pumariega de Soler;

S. 1945. An act for the relief of Dr. Esther Yolanda Lauzardo;

S. 2420. An act to provide continuing authority for the protection of former Presidents and their wives or widows, and for other purposes; and

S. J. Res. 102. Joint resolution to authorize funds for the Commission of Law Enforcement and Administration of Justice and the District of Columbia Commission on Crime and Law Enforcement.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5401) entitled "An Act to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes."

SUPPLEMENTAL APPROPRIATIONS FOR DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE

Mr. DENTON. Mr. Speaker, on behalf of the gentleman from Rhode Island [Mr. FOGARTY], I ask unanimous consent that the Committee on Appropriations have until midnight to file a report, including minority views, on the bill making supplemental appropriations for the Departments of Labor and Health, Education, and Welfare.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. LAIRD. Mr. Speaker, reserving the right to object, it is my understanding that this bill will be called up for action on Tuesday?

Mr. DENTON. That is what I understand.

Mr. LAIRD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LAIRD reserved all points of order.

EXTENSION OF SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF YARN OF SILK

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5768) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate on the disagreeing votes of the two Houses.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none and appoints the following conferees: Messrs. MILLS, KING of California, BOGGS, KEOGH, BYRNES of Wisconsin, CURTIS, and UTT.

TO CORRECT CERTAIN ERRORS IN TARIFF SCHEDULES OF THE UNITED STATES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7969) to correct certain errors in the Tariff Schedules of the United States, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate on the disagreeing votes of the two Houses.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. MILLS, KING of California, BOGGS, KEOGH, BYRNES of Wisconsin, CURTIS, and UTT.

LANGUAGE TRAINING TO A DEPENDENT OF MEMBER OF ARMED FORCES

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 5519) to amend title 10, United States Code, to authorize language training to be given to a dependent of a member of the Army, Navy, Air Force, or Marine Corps under certain circumstances, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 9, strike out all after "States" down to and including "duty" in line 11.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. LAIRD. Mr. Speaker, reserving the right to object, I would like to ask the distinguished gentleman from Massachusetts if this has been cleared with the gentleman from Massachusetts [Mr. BATES].

Mr. PHILBIN. It has been cleared.

Mr. LAIRD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

TO AMEND THE IMMIGRATION AND NATIONALITY ACT, AND FOR OTHER PURPOSES

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 533, Rept. No. 812), which was referred to the House Calendar and ordered printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2580) to amend the Immigration and Nationality Act, and for other purposes. After general

debate, which shall be confined to the bill and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on the Judiciary now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

CORRECTION OF ROLL CALL

Mr. CLEVELAND. Mr. Speaker, on rollcall No. 238 I was present and answered "yea" when my name was called.

I ask unanimous consent that the permanent Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1965

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 18, 1965.)

Mr. MORGAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the conference report which we are submitting today is the product of the longest drawnout conference relating to foreign affairs that has been held during my experience as a member of the Committee on Foreign Affairs.

The first meeting of the conference on H.R. 7750 was held on June 18, 4 days after the bill passed the Senate. The conference concluded its work on August 17, after holding 14 sessions.

Although it has taken a long time, I believe that the House managers have been successful in protecting the interests of the House and the bill we bring back from conference is a good bill.

There were 59 differences between the House and Senate bills, so that under any

circumstances the conference had a lot of work to do. The long delay, however, was caused by a disagreement over whether funds should be authorized to carry on the foreign aid program for 2 years as provided by the Senate bill, or for the fiscal year 1966 only as provided in the bill which passed the House.

The Senate authorized funds for 2 years in order to allow at least a year for a comprehensive study of the foreign aid program and provided for a Temporary Planning Committee, with a membership of 16 and \$400,000 to spend, to do the job.

The House managers were convinced that the House was opposed to a 2-year authorization under present conditions. A 2-year authorization had not been requested by the Executive and was not considered by the committee during its hearings, nor by the House when the bill was under consideration.

The House conferees were also opposed to setting up another high-level committee to make a study of foreign aid. We believe that the committees of Congress with legislative responsibility for the foreign aid program are in a better position to evaluate what has been done and to make recommendations for the future than anyone else.

In standing firm against the provisions of the Senate bill relating to these matters, I want to make clear that I am not opposed to authorizing funds for foreign aid for a 2-year period under any circumstances. Back in 1957, the House approved a 2-year authorization for the development loan fund. In 1959, the House voted a 3-year authorization for military aid, and a 2-year authorization for military assistance was approved in 1961. In 1961, the House approved a 5-year authorization for development loans, and in 1962 a 4-year authorization for Alliance for Progress.

Although the Senate conferees receded on the 2-year authorization for the fiscal years 1966 and 1967, they made clear that they were not giving up the fight for longer authorizations in future years. As a condition for receding, they asked assurance from the House conferees that the question of authorization of funds for 2 years or longer would receive what one of the Senate managers referred to as "a fair go round" next year by the Committee on Foreign Affairs. The House managers have undertaken to give that assurance. Our position is set forth in the statement of the managers.

The Senate did not ask us to commit ourselves to a 2-year authorization next year, nor did we make such a commitment. The statement of the managers contains a clear reservation that our position on this matter would depend on the demands on the U.S. budget and the nature of the world situation next year. We did agree, however, that we would urge our colleagues to give careful consideration to the matter of longer term authorizations when the foreign aid bill comes before us next year. I assured the conference committee, and I want to state to the House, that I have an open mind on this matter, but I am not committed to supporting a 2-year authoriza-

tion next year, nor are the other House managers committed.

Although the House conferees strongly opposed the establishment of another special committee to study foreign aid, this does not mean that the foreign aid program does not need to be restudied and improved.

I believe that all of the House conferees are in agreement that the basic objectives of foreign assistance should be reexamined. It is not just a question of tightening up operating procedures or of trying to hire better people. Those who administer foreign aid naturally think they are going at the job in the right way, but there are some reasons to believe that we may be giving priority to the wrong objectives and neglecting others.

I, for one, do not believe that all of the criticisms of foreign aid reflect a lack of understanding or of sympathy. I believe that if the program were reorganized and redirected in certain respects, some of the objections to it could be eliminated.

The Committee on Foreign Affairs and Foreign Relations intend to take a new look at what we are trying to accomplish with foreign aid and how well we are succeeding. The conference also invites the President to reexamine the fundamental principles and objectives on which the current program is based and to recommend appropriate changes when he submits legislation next year.

Let me say a word about the authorization of funds agreed to by the conference. It is not easy to name a meaningful figure as to how much the total agreed to in conference is below the total approved by the House.

In the first place, I want to point out that the Senate bill included an overall ceiling of \$3,243 million on foreign aid funds for fiscal 1966. This was in effect a cut of \$216 million below the amount requested by the Executive to be appropriated.

The House conferees agreed to a compromise overall ceiling of \$3,360 million. This is a cut of \$99,470,000 below the Executive request. This overall ceiling is higher than the total you get if you add up all the individual items authorized in the House or Senate bill, not including, of course, the open end authorization for southeast Asia in the House bill, because it applies to funds previously authorized as well as the authorizations set forth in H.R. 7750.

Although the House conferees accepted an overall cut of just under \$100 million, we agreed to an authorization of \$89 million to take care of the special authorization for southeast Asia—which replaces the open end authorization in the House bill—requested by the President in his message of June 1, 1965, which was received after the foreign aid bill had passed the House but before the bill had been acted on by the Senate.

I feel that the conference worked out a very fair compromise on this matter. The House bill contained an authorization of "such sums as may be necessary" for economic and military assistance to southeast Asia during fiscal 1966. There was no limit as to the amount because

the President had indicated in his original foreign aid message that he did not know how much more money would be needed.

The Senate responded to the President's request for \$89 million by adding \$9 million to its authorization for technical cooperation and development grants and by adding \$80 million to its authorization for supporting assistance.

We worked out a compromise with the Senate by which we replaced our open end authorization for southeast Asia with a specific authorization of \$89 million, and the Senate accepted the figures for technical cooperation and for supporting assistance contained in the House bill.

Most of the individual authorizations were not far apart. The biggest item, military assistance amounting to \$1,170 million, was not in conference. The only individual amount that we bring back from conference which is higher than the bill that passed the House is an increase of \$1 million in administrative expenses which we arrived at by splitting the difference between the House and Senate bills.

The best summary I can make with respect to funds authorized is to say that we accepted an overall cut of \$97,670,000 below the figure in the House bill plus the request for appropriations against previous authorizations.

We accepted an authorization of \$89 million for southeast Asia in place of the unlimited authorization contained in the House bill. I am not sure that this should be considered an increase.

We also accepted an increase of \$1 million in administrative funds.

I will not take time to discuss the other changes in the House bill. They are set forth in detail in the statement of the managers and I will try to answer any questions about them.

Let me say that the managers for the House have done their best to uphold the position of the House in this conference, and I urge the approval of the conference report.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I commend the distinguished chairman of the House Committee on Foreign Affairs and the managers on the part of the House for refusing to yield to the other body in its attempt to put through a 2-year program. I am glad to hear the gentleman say that he is not committed and will not be committed, when the authorization bill comes before the House Committee on Foreign Affairs next year. I happen to be one of those who believes this foreign handout program ought long ago to have been phased out and ended, and I certainly want no part of a 2-year program. This program has already cost far too much money and yielded far too little to the United States.

In this conference report, presently before the House, are the special funds for the United Nations. They are still in the bill, in the amounts voted by the House Foreign Affairs Committee and concurred in by the other body.

Mr. MORGAN. I will say to the gentleman from Iowa that the sections on international organizations, both in the House bill and the Senate bill, were substantially the same. There was a difference of only \$1,700,000.

Mr. GROSS. The point I am trying to make is that I believe something should have been done in the conference, in view of the situation that developed at the United Nations, whereby the American delegate to the United Nations surrendered to the blackmail of the Communists and the French in the matter of paying their just obligations.

I want to say to the chairman—and I am sure he is well aware of this—and to the other Members of the House, that if they support this conference report today they will be voting to turn over the original amount of money to the United Nations; in other words, to pick up the check for the “deadbeats” who have refused to meet their obligations. I refuse to be a party to any such deal.

Mr. MORGAN. I am sure the gentleman is familiar with the parliamentary procedures both in the House and in the other body. Again I say that the sections on international organizations were substantially the same in both the House and Senate bills. The amount in the House bill was a little lower and the conference accepted our figure. The conferees could not do what the gentleman has suggested.

Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN], has very clearly and accurately set forth the results of the conference between the House and the Senate upon the foreign aid bill. As he pointed out, there are certain complexities in the mathematics of the conference agreement which make it difficult to state succinctly the nature of the adjustments. For those who are interested in more detail upon that point, I would urge them to read the statement of the conferees.

Mr. Speaker, I think it can be accurately said that the report which is before us today has more similarity to the bill which passed the House than that which passed the Senate. Although I cannot approve of this conference report because of longstanding objections to the foreign aid program, I must agree with the chairman that the managers on the part of the House performed exceedingly well, I think, in sustaining the House point of view. Any reading of the report will bear this out.

My objections continue to be those which I have expressed for many years; namely, too much new money, too much carryover of old money, too loose administration, a lack of sound programing. Those objections still exist, but at the same time I repeat, having in mind the parliamentary limitations within which we act, I do feel that the managers on the part of the House were very successful.

A further word ought to be said about the matter of a 1-year or a 2-year extension. The House managers were solidly for the 1-year extension regardless of

what our general opinion on foreign aid is. We strongly supported a 1-year extension as opposed to a 2-year extension because in these days of rapidly changing situations, in a time when we do not know what our requirements will be in Vietnam and other parts of the world, it is of the utmost importance that the House in its authorizing legislation have the opportunity and indeed accept the responsibility to make a most careful appraisal at frequent intervals of this whole program. On that basis, we could not, and we did not, support the 2-year extension. This is a program which all Members of the House know has been under frequent criticism, criticism which many of us regard as being in large measure justified. Accordingly, it is important that our study of the program be as careful, as detailed, and as frequent as may reasonably be expected.

Mr. Speaker, I would hope that if nothing else came out of this conference and out of this year's consideration of the foreign aid bill, at least the Congress and the executive departments should be willing to reappraise completely this whole program. In so doing, it is my hope that we would have before us a better program and one which requires less money.

Mr. Speaker, I now yield to the gentleman from Wisconsin [Mr. THOMSON].

Mr. THOMSON of Wisconsin. Mr. Speaker, I think that the chairman well knows I approve of what he has done on the conference report but I still think the amount authorized in this bill is vastly too much. I think in the studies made of it, it is about time they began studying the procedures in the administration of the AID Agency here in Washington. I notice while AID has executed more than \$400 million worth of contracts for universities and other people to carry on the AID program, the number of employees in the AID Agency in Washington, D.C., itself has continued to go up. They had more employees in Washington on this June 30 than they had on June 30, 1964, in spite of the \$400 million of contracts. And if you look at those contracts you would find some amusing examples. They spent, I inform the Members of the House, the generous sum of \$5,000 to make a study of the impact of foreign aid on our balance of payments; 5,000 measly dollars to determine whether it is adverse to our balance of payments. But they spent \$500,000 on an investigation of something called the diffusion of innovations.

I hope that the chairman will see to it, and that the members of the Committee on Appropriations will see to it that some of these wasteful practices of this agency be curtailed, and when the appropriation bill comes here it will reflect a reduction in the amount that is appropriated, to squeeze out some of the waste in this agency.

Mr. ADAIR. Mr. Speaker, I certainly agree with all the statements made by the gentleman from Wisconsin.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the distinguished gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman.

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Speaker, as a conferee on the foreign aid authorization bill I should like to congratulate the chairman of our committee and the other House conferees on the substantial achievement which I believe this conference report represents. I am sure that all Members realize that we were engaged in discussion with the other body for almost exactly 2 months. The main argument which developed presented a deadlock which was resolved only a few days ago. This was on the two topics discussed on pages 25 and 26 of the conference report; namely, the advisability of a 2-year authorization and a special survey of the aid program.

The gentleman from Indiana [Mr. ADAIR] referred to the suggestion by the other body that there should be a 2-year program for foreign aid. All the House conferees felt strongly that this would be most inadvisable. You will see by the terms of the conference report that we have a 1-year program only. The conferees have also suggested that earnest consideration be given, should the administration next year ask for a longer authorization, to the possibility of extending it for more than 1 year.

I agree with the gentleman from Indiana that under present circumstances it would be most unwise to authorize the foreign aid program for more than 1 year. I should hope that in a few months from now the international situation would have improved so dramatically that we could consider a longer authorization, but I do not consider that likely. I should suppose, even if a recommendation along those lines were made, that it might be difficult to persuade the Members of the House that we should vote for a period longer than 12 months.

In conclusion, I would urge that the conference report be approved today.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Speaker, I appreciate the gentleman's yielding.

I should like to associate myself with his remarks and those of the gentleman from Iowa and the gentleman from Wisconsin [Mr. THOMSON]. I am glad that the report is not held in abeyance because of the two Houses being at loggerheads, but I am not enthusiastic about the final form of this conferees' report.

In view of the “funny thing that happened on the way to the United Nations” if I may paraphrase a popular play that is being produced in New York, unlike a “trip to the subway,” the humor escapes me, in all deadly seriousness. I should hope that in any future studies that might be made or conferences that might be held, we will agree to leave the military assistance programs and the underwriting of the advisory groups out of the foreign aid giveaway authorization and put it where it properly belongs, and where it would have to be reviewed by

line item and considered as a part of the proper portion of the budget.

Mr. Speaker, I ask unanimous consent to extend my remarks on "A Funny Thing Happened on the Way to the U.N." at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

A FUNNY THING HAPPENED ON THE WAY
TO THE U.N.

Mr. HALL. Mr. Speaker, the other day a funny thing happened on the way to the United Nations, except unlike the trip to a subway the humor escapes me in dead seriousness.

Ambassador Arthur Goldberg, obviously following the dictates of the White House and the State Department, announced that we would no longer insist that other nations pay their fair share of U.N. peacekeeping assessments as required by article 19 of the U.N. Charter, and reaffirmed only a year ago by the World Court.

And so Mr. Speaker, we have come full circle. In the typical "consensus" manner so fashionable these days, the present leaders of this great Nation have simply decided that "If you can't lick um, join um."

And we have done just that. We have sold out our principles and its convictions; we have sold all of them and the free respected and responsible nations of the world—"down the river," on the basis that since we question our ability to win a crucial vote, we would simply "toss in the towel." What a tragic milestone in the conduct of American foreign policy. What a tragic heritage to leave to our children. What a tragic example to establish for history. What a tragic loss of backbone. What nostalgia patriots must have for old cries such as, "Millions for defense, but not one penny for tribute"; yet modern day patriots and freedom sleep.

Mr. Speaker, I would have been more impressed with the first action of our new Ambassador, if his announcement had been the result of a determination that we were on shaky legal ground and that in fact article 19 did not cover the case at hand. However, mistaken such an appraisal might have been, at least it would indicate that the United States was not "selling out" eternal principles.

But Ambassador Goldberg stated from one side of his mouth that we stand by our conviction that article 19 requires the payment of dues or the loss of the vote, and then proceeded to say from the other that we would abandon that principle so as not to "rock the boat." Who does he and "the establishment" think is being fooled?

Apparently the fear that drove us into headlong retreat was the possibility we might lose in a showdown vote. This is a new concept in American politics. Consider the possibility, for example, that no one will ever contest for a public office because a political pollster shows that the other fellow might win.

I would have been much prouder of my country if we had forced the question of payment of dues to a vote, albeit we might have lost. In fact, I believe such a course predicated on standing up for

principle would have been better for the future of the United Nations than the course of turn heel and run. In defeat we would have set an example that we would rather be right, than be a member of an illusive majority. We would have gained enduring respect based on responsible action we are wont to demand of others, instead of parlaying for already lost and always elusive "image." Those nations which voted with the Soviet Union would have to spend years explaining why a nation which avoids its responsibilities, should continue to have a voting voice in an international organization.

By our actions we have not strengthened the United Nations. We have made it infinitely weaker. We have stripped it of whatever little dignity it had left.

We have also betrayed the American taxpayer who relied on our soothing words of assurance given when this Congress passed a \$100 million United Nations bond issue. We have given the Kremlin a propaganda victory far greater than if we had stood our ground and lost. We have "welched" on a pledge and lost far more respect among our allies than we gained among our enemies.

In the wake of our retreat the UPI reports that the United States is now warning that it will take a closer look at our own U.N. assessments and reserve the right to reduce those which our national interest may require.

I cannot help but recall that 3 years ago, by a margin of 11 votes, this House defeated my amendment to the Foreign Aid bill to limit all our voluntary contributions to U.N. agencies to the 32-percent statutory limitation imposed on our contribution to the U.S. general budget. My colleagues will recall that we contribute over 40 percent of both the U.N. special fund and the U.N. technical assistance fund, over 65 percent to the U.N. Middle East refugee program, and as high as 100 percent to some other U.N. voluntary programs.

Many Communist and so-called neutralist nations are the beneficiaries of these programs in spite of their minimal contributions. It remains to be seen whether the State Department will follow through on our warning, or whether these are merely more empty words, such as those which previously declared we would fight for the principle of article 19.

Mr. Speaker, next month we will observe the first annual World Law Day. Yet, by our action last Monday, we have indicated that not law, but expediency guides our actions in the United Nations.

We have paid a high price for consensus and we have bought a poor substitute for principle. Our U.S. Supreme Court has blinded justice for the Nation in recent years in a power grab for legislating and regulating functions. Must our Nation in turn blind world justice in spite of its duly constituted Court?

Mr. MORGAN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CHAMBERLAIN].

(Mr. CHAMBERLAIN asked and was given permission to revise and extend his remarks.)

Mr. CHAMBERLAIN. Mr. Speaker, as my colleagues know I have been greatly disturbed about the extent of free world shipping to North Vietnam for the past few weeks and months.

I take this occasion to call attention to pages 22 and 23 of the conference report which makes reference to this problem.

Now, Mr. Speaker, the original bill that was passed by the House had a prohibition which said that, "no funds authorized to be made available under this act may be used for assistance to any country which failed to take appropriate steps, not later than 60 days after the enactment of the bill, to prevent ships or aircraft under its registry from transporting equipment, materials, or commodities to or from North Vietnam."

The Senate bill had no such prohibition. So this was a matter that was considered in conference. I want the record to show clearly what has happened in conference to this prohibition. It has been watered down and it says now that "the President shall consider denying assistance" to these countries that are sending ships to North Vietnam.

Mr. Speaker, I say this "consideration" is not enough. That is what has been going on for the past few years and still our so-called friends are supplying the enemy. Here we have lost an opportunity for the Congress to have taken the initiative and done something about this national scandal.

In the report, the conferees lamented that the complete withdrawal of free world carriers to North Vietnam, even if it could be achieved, would have only a very limited effect upon the North Vietnam economy.

So, Mr. Speaker, our policy seems to be that if such trade has little effect, let them go ahead and trade. Or, in other words, if someone steals a few gold bricks from Fort Knox, just forget it. I do not see it that way. I say there is a moral issue involved here. The Congress should recognize it.

Then, Mr. Speaker, going to the top of page 23 of the report, it says that free world trade in North Vietnam is "only about 17 percent." I am not prepared to challenge that 17-percent figure today, but I will tell you that it is 17 percent too much and 17 percent more than the American people can understand.

The report goes on to say that "45 percent of North Vietnam's seaborne imports by volume" come from free world ships.

It is indeed shocking to think that 45 percent of their imports come from free world countries. But in this envelope I have in my hand, I have the classified information from the Department of Defense and the 45-percent figure mentioned in the report does not square with the secret facts. If any of my colleagues want to see the classified information, I shall be pleased to make it available, and I am sure your blood will boil just as mine is right now.

The report goes on to say that free world ships also carry 85 percent of North Vietnam's seaborne exports.

Can you imagine this—free world ships carrying 85 percent of North Vietnam's exports. What in the name

of freedom is happening here under this Capitol dome? How can we countenance such a thing? The report goes on to tell us that if this trade were stopped that Communist countries "could, in time, arrange it so that Communist-flag vessels and planes carried all the imports and exports Hanoi needed." So I say, let them do it; it is their job. It is their war. Why should we encourage our friends to help them?

Then, too, the report says that "most of the countries whose ships are still in the North Vietnam trade receive little or no assistance from the United States." It is just a few million dollars. I say there is a moral issue involved, and we should not give them anything.

Finally, we are told that "the managers on the part of the House accepted the argument that negotiations on this matter would be more effective if there was not a rigid requirement that aid be terminated," and that it would be best to just have the President "consider denying assistance" to these traitors to freedom.

So I say to you as we approve this conference report and bill today, you should be prepared as you go home and face your constituents to explain to them why we are asking them to finance both sides of this war—by giving aid to countries that are sending their ships and supplies to keep the North Vietnam economy going, and by asking them to pay as well the cost of fighting the war in South Vietnam.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Speaker, I want to be among those who congratulate the chairman and the other members of the conference committee on the part of the House for standing firm on the 1-year authorization. The chairman never wavered. There was a great deal of pressure put on to get this thing settled and, as one member of the committee, I can report that nobody thought of wavering from the House position.

I want to say, however, I do disagree wholeheartedly with the statement made by the gentleman from Missouri that the military part of this bill should be taken away from the Committee on Foreign Affairs. He says it properly belongs at another place. I do not want that statement to stand unchallenged. This military assistance is involved in foreign aid, it is directly involved with foreign affairs. It was determined in the beginning by both Parliamentarians of both bodies that it belonged to the Committee on Foreign Affairs. That is where it is and, if I have anything to do with it, that is where it is going to stay. Once you get it over at the Pentagon nobody will know who is getting what. If there is any part of the bill that the Committee on Foreign Affairs does not give careful scrutiny to I would not know what it is, including the military assistance program.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Missouri.

Mr. HALL. I want the gentleman to know I disagree with him, of course, about whether it should be part of the foreign affairs authorization. I do not disagree with him in particular about getting it to the Pentagon. I rather believe he is right in that respect. I intentionally did not mention the committee, to which I thought it should be referred.

I wonder if the gentleman does not agree with me it is left in the jurisdiction of the Committee on Foreign Affairs, because (1) it is part of the "sweetener-technique" in order to get the Congress to go along with needed continued aid and (b) if we took it out we would not have much foreign aid left at the present time.

Mr. HAYS. I can say to the gentleman that there may be some validity to that position, but it is not the way I feel about it. I was in favor of cutting down on foreign aid appropriations and authorizations and I sometimes think we have given too much military aid to too many countries that could not use it effectively. I would not argue that with the gentleman. The argument I have and the position I take is that I believe it is within the jurisdiction of the Committee on Foreign Affairs and I am going to do everything I can to see that it stays there.

The SPEAKER. The gentleman from Ohio has consumed 3 minutes.

Mr. GALLAGHER. Mr. Speaker, I wish to express my warmest commendation and admiration for the way in which our esteemed chairman, "Doc" MORGAN, has led the fight to sustain the House position in the conference on the foreign aid bill.

Naturally, there always has to be some element of compromise when reconciling the Senate and House differences in any major legislation, but Dr. MORGAN has succeeded in preserving the House position on all the principal features of the bill, particularly on the question of the 1-year authorization.

The conference agreement was reached only after 14 meetings during the past 2 months, and is a tribute to the indomitable patience and the wealth of knowledge exhibited by Chairman MORGAN. "Doc" MORGAN and his fellow conferees, both Democratic and Republican, deserve our congratulations for a difficult task well done. The end result of their labors merits our fullest support. I urge that there is wide support for this conference report and I hope it passes by an overwhelming majority.

Perhaps it is a time, too, to have the record include the fact that "Doc" MORGAN is one of the great unsung heroes of not only the foreign aid program but of U.S. foreign policy as well. He is an unassuming man and avoids the spotlight whenever he can. But those who know him well are fully aware of the great role he plays behind the scenes in practically every foreign policy step America takes.

He has rendered great service to the United States, to our national interest, and to our national security. I am sure my colleagues will join me in hoping he continues to do so for a long time in the years ahead.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The question was taken.

Mr. ADAIR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 244, nays 150, not voting 40, as follows:

[Roll No. 242]

YEAS—244

Adams	Garmatz	Mills
Addabbo	Gialmo	Minish
Albert	Gibbons	Mink
Anderson,	Gilbert	Monagan
Tenn.	Gilligan	Morgan
Annunzio	Gonzalez	Morrison
Ashley	Grabowski	Morse
Aspinall	Gray	Morton
Ayres	Green, Oreg.	Moss
Baldwin	Green, Pa.	Multer
Bandstra	Greigg	Murphy, Ill.
Barrett	Grider	Murphy, N.Y.
Bates	Griffin	Natcher
Beckworth	Griffiths	Nedzi
Bell	Hagen, Calif.	Nelsen
Bingham	Halleck	Nix
Boggs	Hamilton	O'Brien
Boland	Hanley	O'Hara, Ill.
Bolling	Hanna	Olsen, Mont.
Bolton	Hansen, Iowa	Olson, Minn.
Brademas	Hansen, Wash.	O'Neill, Mass.
Brooks	Hardy	Ottinger
Broomfield	Harris	Patman
Burke	Hathaway	Patten
Burton, Calif.	Hawkins	Pepper
Byrne, Pa.	Hays	Perkins
Callan	Hébert	Philbin
Cameron	Hechler	Pickle
Celler	Helstoski	Pike
Clark	Herlong	Pirnie
Cleveland	Hicks	Price
Clevenger	Hollifield	Pucinski
Cohelan	Holland	Purcell
Conable	Horton	Quile
Conte	Hosmer	Redlin
Conyers	Howard	Reid, N.Y.
Cooley	Huot	Resnick
Corbett	Irwin	Reuss
Corman	Jacobs	Rhodes, Pa.
Craley	Joelson	Rivers, Alaska
Culver	Johnson, Calif.	Roberts
Daddario	Jones, Ala.	Robison
Daniels	Karsten	Rodino
Dawson	Karth	Rogers, Colo.
Delaney	Kastenmeier	Ronan
Dent	Kee	Rooney, N.Y.
Denton	Keith	Rooney, Pa.
Diggs	Kelly	Roosevelt
Dingell	Keogh	Rosenthal
Donohue	King, Calif.	St Germain
Dow	King, Utah	St. Onge
Downing	Kirwan	Scheuer
Dulski	Kluczynski	Schisler
Duncan, Oreg.	Krebs	Schmidhauser
Dwyer	Kunkel	Schweiker
Dyal	Landrum	Selden
Edmondson	Leggett	Senner
Edwards, Calif.	Long, Md.	Sickles
Evans, Colo.	Love	Sisk
Everett	McCarthy	Slack
Evins, Tenn.	McDade	Smith, Iowa
Fallon	McDowell	Smith, N.Y.
Farbstein	McFall	Springer
Farnsley	McGrath	Stafford
Farnum	McVicker	Staggers
Fascell	MacGregor	Stalbaum
Feighan	Machen	Stratton
Flood	Mackay	Stubblefield
Foley	Mackie	Sullivan
Ford,	Madden	Swaney
William D.	Mahon	Teague, Calif.
Fraser	Mailliard	Tenzer
Frelinghuysen	Mathias	Thompson, N.J.
Friedel	Matsunaga	Thompson, Tex.
Fulton, Pa.	Meeds	Todd
Gallagher		Trimble

Tunney	Watts	Wyder
Tupper	Weltner	Yates
Udall	Whalley	Young
Ullman	White, Idaho	Zablocki
Van Deerlin	Widnall	
Vanik	Wilson,	
Vigorito	Charles H.	
Vivian	Wolff	

NAYS—150

Abbitt	Erlenborn	Mosher
Abernethy	Findley	Murray
Adair	Fino	O'Konski
Anderson, Ill.	Fisher	O'Neal, Ga.
Andrews,	Flynt	Passman
Glenn	Fountain	Pelly
Andrews,	Gathings	Poage
N. Dak.	Gettys	Poff
Ashbrook	Goodell	Pool
Ashmore	Gross	Quillen
Baring	Grover	Race
Battin	Gubser	Randall
Belcher	Gurney	Reid, Ill.
Bennett	Hagan, Ga.	Reifel
Berry	Haley	Rhodes, Ariz.
Betts	Hall	Rivers, S.C.
Bow	Hansen, Idaho	Rogers, Fla.
Bray	Harsha	Rogers, Tex.
Broyhill, N.C.	Harvey, Ind.	Roncallo
Broyhill, Va.	Harvey, Mich.	Roudebush
Buchanan	Henderson	Roush
Burleson	Hull	Rumsfeld
Burton, Utah	Hungate	Satterfield
Byrnes, Wis.	Hutchinson	Saylor
Callaway	Ichord	Schneebell
Casey	Jarman	Secret
Cederberg	Jennings	Shipley
Chamberlain	Johnson, Okla.	Shriver
Chelf	Jonas	Skubitz
Clancy	Jones, Mo.	Smith, Calif.
Clausen,	Laird	Smith, Va.
Don H.	Langen	Stanton
Clawson, Del.	Latta	Steed
Collier	Lennon	Stephens
Colmer	Lipscomb	Talcott
Cramer	Long, La.	Taylor
Cunningham	McClary	Teague, Tex.
Curtin	McCulloch	Thomson, Wis.
Dague	McEwen	Tuck
Davis, Ga.	McMillan	Tuten
Davis, Wis.	Marsh	Waggoner
de la Garza	Martin, Ala.	Walker, Miss.
Derwinski	Martin, Nebr.	Walker, N. Mex.
Devine	Matthews	Watkins
Dickinson	May	Watson
Dole	Michel	White, Tex.
Dorn	Minshall	Whitener
Dowdy	Mize	Whitten
Duncan, Tenn.	Moeller	Williams
Edwards, Ala.	Moore	Willis
Ellsworth	Morris	Wyatt

NOT VOTING—40

Andrews,	Ford, Gerald R.	Reinecke
George W.	Fulton, Tenn.	Rostenkowski
Arends	Fuqua	Roybal
Blatnik	Halpern	Ryan
Bonner	Johnson, Pa.	Scott
Brock	King, N.Y.	Sikes
Brown, Calif.	Kornegay	Thomas
Brown, Ohio	Lindsay	Toll
Cabell	Macdonald	Utt
Cahill	Martin, Mass.	Wilson, Bob
Carey	Miller	Wright
Carter	Moorhead	Younger
Curtis	O'Hara, Mich.	
Fogarty	Powell	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Fogarty for, with Mr. Sikes against.
Mr. Gerald R. Ford for, with Mr. Kornegay against.

Mr. Arends for, with Mr. Bonner against.
Mr. Martin of Massachusetts for, with Mr. Scott against.

Mr. Halpern for, with Mr. Fuqua against.
Mr. Lindsay for, with Mr. Carter against.
Mr. Miller for, with Mr. Younger against.
Mr. Macdonald for, with Mr. George W. Andrews against.

Mr. Thomas for, with Mr. Cabell against.
Mr. Toll for, with Mr. Utt against.

Mr. Brown of California for, with Mr. Brown of Ohio against.

Mr. Moorhead for, with Mr. Reinecke against.

Mr. Roybal for, with Mr. Johnson of Pennsylvania against.

Mr. Rostenkowski for, with Mr. King of New York against.

Mr. Blatnik for, with Mr. Bob Wilson against.

Mr. Carey for, with Mr. Brock against.
Mr. Powell for, with Mr. Curtis against.

Until further notice:

Mr. Fulton of Tennessee with Mr. Ryan.
Mr. Wright with Mr. O'Hara of Michigan.

Mr. WILLIS and Mr. McEWEN changed their vote from "yea" to "nay."

Mr. CONABLE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND
REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the conference report just agreed to.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDING PUBLIC HEALTH SERVICE ACT TO IMPROVE EDUCATIONAL QUALITY OF SCHOOLS OF MEDICINE, DENTISTRY, AND OSTEOPATHY

Mr. PEPPER, from the Committee on Rules, reported the following privileged resolution (H. Res. 535, Rept. No. 815), which was referred to the House Calendar and ordered to be printed:

H. RES. 535

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3141) to amend the Public Health Service Act to improve the educational quality of schools of medicine, dentistry, and osteopathy, to authorize grants under that Act to such schools for the awarding of scholarships to needy students, and to extend expiring provisions of that Act for student loans and for aid in construction of teaching facilities for students in such schools and schools for other health professions, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in

the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1966

Mr. ROONEY of New York. Mr. Speaker, I call up the conference report on the bill (H.R. 8639) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies, for the fiscal year ending June 30, 1966, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Aug. 18, 1965.)

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York [Mr. ROONEY].

Mr. ROONEY of New York. Mr. Speaker, this bill (H.R. 8639) makes appropriations for the Departments of State, Justice, and Commerce, the judiciary and related agencies for the fiscal year ending June 30, 1966. It contains a total of \$2,057,597,150 in direct appropriations and also contains a total of \$3,898,400,000 for the Bureau of Public Roads which is derived from the highway trust fund.

The total amount agreed upon in conference is \$28,092,750 below the amount of the bill as it passed the House on June 1.

It is also \$117,612,550 below the total 1965 appropriations. However, there will no doubt be supplemental requests for fiscal year 1966 which might change this particular comparison.

The pending bill is \$114,338,450 below the total amount of the budget estimates.

I should point out that all unbudgeted weather services which had been added by the other body were deleted in conference.

Both the House and Senate versions of the bill carried an appropriation of \$100,000 as the total cost of the presentation of a statue of Abraham Lincoln to Mexico. The proposal submitted to the House committee was that this was to be a replica of the existing statue now in Lincoln Park, Chicago, and it was on this basis that funds were approved by the House committee. The Department of State is expected to adhere to that proposal and not to use taxpayers' dollars for any so-called original creations.

Mr. Speaker, the following table indicates the actions of the House-Senate conferees with regard to the various items contained in the pending bill:

Departments of State, Justice, and Commerce, the judiciary, and related agencies, 1966

Item	1965 appropriation	1966 budget estimate	Passed House	Passed Senate	Conference action	Conference action compared with—			
						1965 appropriation	1966 budget estimate	House	Senate
Department of State.....	\$384,848,000	\$405,210,000	\$388,202,000	\$390,125,000	\$389,602,000	+\$4,754,000	-\$15,608,000	+\$1,400,000	-\$523,000
Department of Justice.....	384,996,000	373,834,000	370,819,000	370,919,000	370,869,000	-14,127,000	-2,965,000	+50,000	-50,000
Department of Commerce.....	980,156,000	937,030,000	889,522,000	851,122,900	856,851,250	-123,304,750	-80,178,750	-32,670,750	+5,728,350
Bureau of Public Roads (highway trust fund).....	(3,898,250,000)	(3,900,000,000)	(3,898,400,000)	(3,898,400,000)	(3,898,400,000)	(+150,000)	(-1,600,000)	-----	-----
The judiciary.....	75,397,700	87,865,500	81,111,900	80,693,900	80,693,900	+5,296,200	-7,171,600	-418,000	-----
American Battle Monuments Commission.....	1,816,000	2,148,000	2,148,000	2,148,000	2,148,000	+332,000	-----	-----	-----
Commission on Civil Rights.....	1,280,000	1,720,000	1,500,000	1,500,000	1,500,000	+220,000	-220,000	-----	-----
Office of Education: Civil rights educational activities.....	8,000,000	8,000,000	4,000,000	5,000,000	5,000,000	-3,000,000	-3,000,000	+1,000,000	-----
Manpower Administration: Special study.....	100,000	-----	-----	-----	-----	-100,000	-----	-----	-----
Commission on International Rules of Judicial Procedure.....	25,000	200,000	-----	-----	-----	-25,000	-200,000	-----	-----
Equal Employment Opportunity Commission.....	2,250,000	2,300,000	(1)	2,750,000	2,750,000	+500,000	-450,000	+2,750,000	-----
Federal Maritime Commission.....	2,946,000	3,390,000	3,100,000	3,180,000	3,150,000	+204,000	-240,000	+50,000	-30,000
Foreign Claims Settlement Commission.....	1,714,000	1,950,000	1,915,000	1,915,000	1,915,000	+201,000	-35,000	-----	-----
Small Business Administration.....	152,486,000	157,315,000	157,065,000	157,065,000	157,065,000	+4,579,000	-250,000	-----	-----
Special representative for trade negotiations.....	556,000	567,000	556,000	556,000	556,000	-----	-11,000	-----	-----
Subversive Activities Control Board.....	440,000	480,000	480,000	480,000	480,000	+40,000	-----	-----	-----
Tariff Commission.....	3,345,000	3,505,000	3,400,000	3,400,000	3,400,000	+55,000	-105,000	-----	-----
U.S. Arms Control and Disarmament Agency.....	9,000,000	12,272,000	10,000,000	10,000,000	10,000,000	+1,000,000	-2,272,000	-----	-----
U.S. Information Agency.....	165,854,000	173,249,100	171,871,000	171,617,000	171,617,000	+5,763,000	-1,632,100	-254,000	-----
Total.....	2,175,209,700	2,171,935,600	2,085,689,900	2,052,471,800	2,057,597,150	-117,612,550	-114,338,450	-28,092,750	+5,125,350

¹ Not considered in House.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ROONEY of New York. I yield to the distinguished gentleman from Iowa.

Mr. GROSS. The gentleman has answered the question I wanted to ask, to a degree that is, as to whether this was to be followed by supplemental appropriations.

Mr. ROONEY of New York. Well, I always like to be frank, I will say to the gentleman.

Mr. GROSS. I appreciate that.

Mr. ROONEY of New York. One might expect supplemental requests for appropriations.

Mr. GROSS. I will say to the gentleman, the chairman of one of the appropriation subcommittees stunned me a couple of days ago when he said there would be some \$2 billion—\$2 billion of supplemental appropriations in addition to the billions in the conference that he reported to the floor of the House.

I would hope the gentleman could assure the House there will not be anything in the nature of \$2 billion more being requested for the departments of State, Justice, and Commerce.

Mr. ROONEY of New York. Oh, I would be overwhelmed if any such thing as that happened.

Mr. GROSS. I, too, do not want to be overwhelmed again on this score.

Mr. ROONEY of New York. I hope to keep this \$114 million plus that we have saved the taxpayers on ice and I do not intend to let anybody without justification melt that ice.

Mr. GROSS. I compliment the gentleman on the savings that have been effected here, and I certainly hope that any supplemental appropriations, whatever they may be, will be held to the irreducible minimum.

Mr. ROONEY of New York. Mr. Speaker I move the previous question. The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROONEY of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

INTERSTATE COMMERCE ACT
AMENDMENTS

Mr. HARRIS. Mr. Speaker, I call up the conference report on the bill (H.R. 5401) to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 18, 1965.)

Mr. HARRIS (interrupting the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers may be dispensed with.

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust the gentleman will take a little time to explain what this is all about.

Mr. HARRIS. It will be the purpose of the gentleman to do so. I thought this would save some time.

Mr. GROSS. I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HARRIS. Mr. Speaker, this bill, H.R. 5401, is the result of several years of work by both the Senate Committee on Commerce and the House Committee on Interstate and Foreign Commerce, to improve our transportation program.

It may be remembered that in the 87th Congress a bill having for its purpose most of the provisions included in this report was reported by the Senate committee and passed the Senate and came to the House.

It may be remembered also that in the 87th Congress the House Committee on Interstate and Foreign Commerce, after several months of study, hearings, and consideration, reported a transportation bill, but the bill did not clear the Rules Committee, in view of some controversial features in it. That bill did include some of the provisions included in this report, which is considered to be necessary to strengthen and improve the transportation program.

In this Congress the committee again took up the problem, and after extensive hearings and consideration the committee reported the bill, H.R. 5401, which was brought to the floor of the House and debated at considerable length, as Members will recall, and passed by an overwhelming vote, if not a unanimous vote.

The bill went to the other body with these provisions which had been considered by both branches of Congress heretofore. The Commerce Committee of the other body reported a bill having similar purposes to those of the House bill, and passed it.

There were four major differences between the House and Senate versions. The conferees have considered these differences. This is a unanimous conference report by the conferees of both the House and the Senate.

The four provisions in which there were differences, as between the House and Senate bills, I shall explain.

The first had to do with the jurisdiction of the Interstate Commerce Com-

DIGEST of Congressional Proceedings

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Issued August 24, 1965
For actions of August 23, 1965
89th-1st. No. 155

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HIGHLIGHTS: Senate debated conference report on foreign aid bill. Sen. Pearson inserted article expressing concern over level of farm income. Rep. Jones urged elimination of soil bank provision from cotton program. Rep. Farbstein urged USDA compliance with cargo preference law. Rep. Price inserted article on development of food irradiation.

SENATE

1. PUBLIC WORKS APPROPRIATION BILL. Passed with amendments this bill, H. R. 9220 (pp. 20504, 20564-79, 20591-615). Conferees were appointed (p. 20615). House conferees have not yet been appointed. The bill includes items for civil functions of the Department of Defense, power agencies of the Department of the Interior, Atomic Energy Commission, Tennessee Valley Authority, and Delaware River Basin Commission. Also this bill includes various general provisions, applying to the Government generally, as follows: Limits the amount which may be paid for a passenger vehicle to \$1,500, except for station wagons the maximum of which is \$1,950. Requires Federal employees to be U. S. citizens, with

certain exceptions such as aliens from Poland or the Baltic countries lawfully admitted to the U. S. for permanent residence. Provides for quarters and cost-of-living allowances in accordance with the Overseas Differentials and Allowances Act. Prohibits payments to employees whose nominations the Senate has rejected. Limits the price which may be paid for the U. S. Code to \$4 per volume, and for the Lifetime Federal Digest to \$4.25 per volume, and \$6.50 per volume on the Modern Federal Practice Digest. In the case of certain corporations, makes appropriations available for certain purposes, such as rent in the District of Columbia. Permits foreign credits to be used only when reimbursement is made to the Treasury Department. Provides that during the current fiscal year, any foreign currencies reserved or set aside for specified programs or activities of any agency may be carried on the books of the Treasury in unfunded accounts. Prohibits the use of funds by any agency for publicity or propaganda purposes designed to support or defeat legislation pending before Congress.

2. LOANS. Passed as reported H. R. 4152, to provide means for expediting the retirement of Government capital in the Federal intermediate credit banks, including an increase in the debt permitted such banks in relation to their capital and provision for the production credit associations to acquire additional capital stock therein, to provide for allocating certain earnings of such banks and associations to their users, and to increase the authority of the credit banks to obtain funds from non-Government sources. pp. 20477-80
3. FOREIGN AID. Began consideration of the conference report on H. R. 7750, the foreign aid authorization bill. pp. 20615, 20616, 20625-6
4. FOREIGN TRADE; SILK. Conferees were appointed on H. R. 5768, to extend for an additional 3-year period (until Nov. 7, 1968) the existing suspension of duties on certain classifications of silk yarn (p. 20591). House conferees have already been appointed.
5. STOCKPILE. Passed without amendment H. R. 9544, to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 620,000 long tons of natural rubber from the national stockpile (p. 20476). This bill will now be sent to the President.
6. FARM PROGRAM. Sen. Pearson inserted an article, "Farm Production Versus Price: A Question of Emphasis," expressing concern over the level of farm income and suggesting that farmers switch emphasis from production to marketing and pricing of farm commodities. pp. 20495-6
7. PATENTS. Sen. Montoya inserted Sen. Morse's testimony before the Patent Subcommittee outlining "a practical system of procedures for granting various kinds of licenses which would provide incentives for contractors to develop Government-financed inventions, while at the same time maintaining flexibility and allowing for the recognition of the small business interests." pp. 20497-504
8. CONSERVATION. Sen. Bayh inserted an address by Secretary of the Interior Udall stressing the importance of conserving our natural resources. pp. 20496-7
9. WATER RESOURCES. Sen. Scott expressed concern over the effects of the drought in the Northeast on water resources in the area. pp. 20489-90
10. PERSONNEL. Sen. Randolph announced that the Civil Service Subcommittee of the Post Office and Civil Service Committee will hold a hearing Aug. 25 on S. 2393, to authorize additional GS-16, GS-17, and GS-18 positions for use in agencies or functions created or substantially expanded after June 30, 1965. p. 20485

farmland in the flood plain area from the reservoir to the mouth of Wolf Creek. Operating in conjunction with Fort Supply Reservoir, it would provide protection to approximately 29,000 additional acres of farmland from the mouth of Wolf Creek to the upper limits of Canton Reservoir. Operating in conjunction with Canton Reservoir, Optima would aid in flood protection to approximately 68,000 additional acres of farmland from Canton Reservoir to Oklahoma City.

In addition to these impressive flood control benefits, Optima Reservoir will also provide a dependable yield of 10 million gallons of water per day for water supply. The cities of Guymon and Hardesty, Okla., and the city of Goodwell, Panhandle A. & M. College, have adopted resolutions requesting this water for their municipal and industrial uses. The resolutions provide assurances that the costs allocated to water supply will be repaid to the Federal Government as required by the Water Supply Act of 1958.

Mr. Chairman, and members of the committee, keeping in mind the present investment of over half a million dollars of Federal funds, plus the vast benefits which the Optima Reservoir will provide the people of Oklahoma, through the prevention of disastrous floods, the availability of water for recreation, and for domestic reserves to meet the demands of an ever-increasing population, and finally the protection afforded the valuable, productive farmlands of the North Canadian Valley, I respectfully request that the committee include in the fiscal year 1966 appropriations the \$1,200,000 needed to initiate construction on the Optima project.

With these three exceptions, I will stand in support of the President's budget requests.

Also, Mr. Chairman, I would like to point to the Arkansas River navigation project which is of vital interest to the people of Arkansas and Oklahoma. The President's budget asks for \$136,300,000 for this project as follows:

Project:	
Arkansas River and tributaries (bank stabilization)-----	Amount \$14, 700, 000
Arkansas River and tributaries (navigation locks and dams)-----	79, 000, 000
Dardanelle lock and dam-----	1, 700, 000
Ozark lock and dam-----	9, 000, 000
Keystone Reservoir-----	5, 500, 000
Robert S. Kerr lock and dam-----	18, 100, 000
Webbers Falls lock and dam-----	8, 300, 000
Total-----	136, 300, 000

Mr. Chairman, this budget request will keep the project on schedule for completion in 1970, and I would like to express my appreciation for the full cooperation which we have had from the President, this committee, the Congress, and the Corps of Engineers in continually keeping this project on schedule.

Your consideration of my requests is appreciated.

Thank you.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. MORSE. Mr. President, I wish to take a minute to state to the Senator from Louisiana that I am certainly glad the country has had the services of the Senator from Louisiana. He serves with great distinction, but at the same time I would say he should have been a judge, for I do not know of anyone who carries out his public services with a finer judicial temperament than does the Senator from Louisiana in handling the public works appropriations and items before his subcommittee each year.

It would certainly be unappreciative

of me as a Senator from Oregon if I did not take just a minute, in behalf of the people of my State, to express our thanks to the Senator from Louisiana for his impartiality.

That does not mean that certain groups have always been pleased in instances in which certain groups have felt they should have obtained some projects, but I have said to them, when they have expressed their disappointment at not getting what they wanted, that they are indebted and the State is indebted to the Senator from Louisiana for his impartiality and fairness and his insistence that a group come in and establish its case on its merits.

The Senator knows that in the many years we have served together in the Senate I have never asked for anything except on the basis of the facts. He has weighed them carefully. This year he has demonstrated again his judicial temperament. That is why we place so much trust and faith in his impartiality.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 9220) was passed.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HOLLAND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read: "An act making appropriations for certain civil functions administered by the Department of Defense, the Panama Canal, certain agencies of the Department of the Interior, the Atomic Energy Commission, the Saint Lawrence Seaway Development Corporation, the Tennessee Valley Authority, the Delaware River Basin Commission, and the Intercoceanic Canal Commission, for the fiscal year ending June 30, 1966, and for other purposes."

Mr. ELLENDER. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. HAYDEN, Mr. RUSSELL of Georgia, Mr. McCLELLAN, Mr. HILL, Mr. MAGNUSON, Mr. HOLLAND, Mr. BIBLE, Mr. McNAMARA, Mr. PASTORE, Mr. HRUSKA, Mr. YOUNG of North Dakota, Mr. MUNDT, and Mrs. SMITH conferees on the part of the Senate.

ADJUSTMENTS IN ANNUITIES UNDER THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

Mr. INOUE. Mr. President, I ask for the immediate consideration of calendar No. 614, H.R. 4170.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. Calendar No. 614, H.R. 4170, to provide for adjustments in annuities under the Foreign Service retirement and disability system.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration—

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. Does the Senator object?

Mr. LAUSCHE. I believe that this bill should go over.

Mr. INOUE. Over, Mr. President.

The PRESIDING OFFICER. Objection is heard.

FURTHER AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—CONFERENCE REPORT

Mr. INOUE. Mr. President, I ask unanimous consent that the conference report on the Foreign Assistance Act of 1965 be made the pending business.

The PRESIDING OFFICER. Will the Senator from Arkansas submit the conference report?

Mr. FULBRIGHT. Mr. President, I intend to call up the conference report on the amendment of the Foreign Assistance Act of 1961, H.R. 7750, and ask for its immediate consideration.

I have one or two other items I would like to refer to while the conference report is being obtained.

KENNEDY CENTER FOR THE PERFORMING ARTS

Mr. FULBRIGHT. Mr. President, a few days ago Representative WIDNALL introduced a bill in the House of Representatives which requires the relocation of the Kennedy Center for the Performing Arts.

I have a memorandum on that subject from Roger L. Stevens, who is the Special Assistant to the White House on the Arts, and is Chairman of the Board of Trustees of the Kennedy Center. I ask unanimous consent that it be printed in the Record at this point of my remarks.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

MEMORANDUM FOR THE HONORABLE WILLIAM B. WIDNALL

Concerning your memorandum which I received on August 16 about the Kennedy Center for the Performing Arts. I will be glad to present all your points to the trustees at their next meeting.

I would like to call your attention to the fact that the board of trustees consists of a very prominent group of Americans who have given both time and money to the Center. They are a group that is outstanding in the fields of business, government and the performing arts. I am sure they will give the points raised every consideration.

ROGER L. STEVENS,

Special Assistant on the Arts.

Mr. FULBRIGHT. Mr. President, I only wish to add that this matter has been pending a long time in Congress. I introduced the original bill to provide for a site for a center back in 1957. The Senator from New Mexico [Mr. ANDERSON] and I had a long controversy as to where it should be located. I tried to get it located on the Mall near the Smithsonian Institution. I found that the Air Museum had preempted the ground. I tried all over the city. This was the only site to be obtained.

I think it is inappropriate to come in at this late hour and try to change the site without any provision for money to buy the site. The bill merely provides for a site in the vicinity of the Pennsylvania Avenue development program. It seems to me this is quite realistic. If it had been provided for originally and we had been able to get a site, it would be another matter, but a great amount of time, money, and effort have been expended on the development of the site.

Aside from that fact, I think it comes too late to try to change it now. It would destroy the present concept altogether.

Mr. MORSE. Mr. President, I am very glad that the Senator from Arkansas has commented on the pending Cultural Center site. As a member of the District of Columbia Committee, let me say that in view of the developments, I believe it is an excellent choice. It would be a great mistake to try to disrupt the program now by getting into controversy over location of the center. The program is coming along nicely.

As the Senator from Arkansas knows, it is expected that a substantial drive will be conducted to obtain private funds and contributions. Our citizens have been led to believe that the site has been agreed upon.

Mr. FULBRIGHT. Some \$15 million has been raised privately.

Mr. MORSE. Yes, the Senator is correct, but not only that, as we look at the situation in retrospect, and when we take into account the plans which are now in the blueprint stage for other developments in the District of Columbia, I believe that it is an excellent site.

This may be a sentimental argument on my part, but I believe it is a most appropriate site in view of the fact that President Kennedy's burial place is just across the river, with its everlasting torch aflame. Thus, this center will be among other shrines in the area, such as the Lincoln Memorial, the Jefferson Memorial, and other memorials. The Cultural Center is, after all, being built as a great memorial to our great President Kennedy, and is most appropriately located at the site which has been selected.

Accordingly, I sincerely hope that plans for completing the Center will proceed without any controversy being raised at this date over its location.

Mr. FULBRIGHT. I thank the Senator from Oregon for his comments. They are entirely appropriate.

REMARKS OF SENATOR THOMAS J. DODD CONCERNING A CHRONOLOGY PUBLISHED BY THE COMMITTEE ON FOREIGN RELATIONS ON THE SITUATION IN THE DOMINICAN REPUBLIC

Mr. FULBRIGHT. Mr. President, the senior Senator from Connecticut [Mr. Dodd] has today issued a press release entitled "Senator Dodd Charges Foreign Relations Publication on Dominican Crisis Slanted Against Administration."

The allegation is that the chronology quoted exclusively from press sources

critical of administration policy in the Dominican Republic. The remarks of the senior Senator from Connecticut included complaints that the chronology did not bear statements favorable to the position of the administration.

The facts are as follows:

First. The document to which the senior Senator refers was issued in early July for use of the committee in connection with its effort to learn in detail of developments in the Dominican Republic. It was compiled, as noted in the preface, from material "collected with the assistance of the Legislative Reference Service of the Library of Congress, the Department of State, and the staff of the Committee on Foreign Relations." Because of shortage of time, the staff of the committee in compiling the chronology made extensive use of a research instrument to which it subscribes entitled "Deadline Data."

Second. The statement of the senior Senator from Connecticut leaves the impression that the administration views were not adequately presented in the chronology. Members should note, however, that the chronology and the accompanying printed material includes not only a number of documents issued by the Organization of American States, but six statements by President Johnson, and a number of statements by the Department of State and one by Ambassador Stevenson.

Third. I do wish to express my regret that it has not been possible for the senior Senator from Connecticut [Mr. Dodd] to attend meetings of the Foreign Relations Committee on this subject. Much of the material to which he referred has been considered by the committee.

Fourth. Finally, I wish the RECORD to show that all of the witnesses which the committee heard at the sessions not attended by the Senator from Connecticut were administration witnesses, save one. We heard the testimony of Secretary of State Rusk, Under Secretary of State Mann, Deputy Secretary of Defense Vance, Ambassador Bennett, Admiral Raborn, Director of the Central Intelligence Agency, and Assistant Secretary of State for American Republics Affairs Vaughn. The only non-Government witness called before the committee was the former Governor of Puerto Rico, the Honorable Luis Muñoz-Marín.

Investigations of acts of the executive department by their very nature, as the Senator well knows, put the burden on the administration to prove that its actions were correct. I believe that a fair criticism of the committee might be that it put too much time and effort into the examination of Government witnesses, and not enough into examination of Government critics.

The committee has met on 13 different occasions, compiling some 760 pages of testimony. Most of the meetings have been 2 or 3 hours in length. The senior Senator from Connecticut attended one of these meetings, and a search of the committee records indicates that he has not seen fit to consult the transcripts of those hearings.

FURTHER AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of Aug. 18, 1965, pp. 20132-20135, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

VIETNAM

Mr. FULBRIGHT. Mr. President, today, there came to my attention a document entitled "Why Vietnam," which includes some historical documents—letters written by President Kennedy and President Eisenhower, and statements made by President Johnson and Secretary of State Dean Rusk. It is a most informative document and will be helpful to citizens who wish to study step by step the nature and extent of our involvement in Vietnam.

I ask unanimous consent to have this document printed in the RECORD for the information of all Senators.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

WHY VIETNAM FOREWORD

MY FELLOW AMERICANS: Once again in man's age-old struggle for a better life and a world of peace, the wisdom, courage, and compassion of the American people are being put to the test. This is the meaning of the tragic conflict in Vietnam.

In meeting the present challenge, it is essential that our people seek understanding, and that our leaders speak with candor.

I have therefore directed that this report to the American people be compiled and widely distributed. In its pages you will find statements on Vietnam by three leaders of your Government—by your President, your Secretary of State, and your Secretary of Defense.

These statements were prepared for different audiences, and they reflect the differing responsibilities of each speaker. The congressional testimony has been edited to avoid undue repetition and to incorporate the sense of the discussions that ensued.

Together, they construct a clear definition of America's role in the Vietnam conflict: the dangers and hopes that Vietnam holds for all free men, the fullness and limits of our national objectives in a war we did not seek, the constant effort on our part to bring this war we do not desire to a quick and honorable end.

LYNDON B. JOHNSON.

AUGUST 20, 1965.

THE ROOTS OF COMMITMENT

In the historic documents that follow, two American Presidents define and affirm

barren of manufacturing and the foundations for industry. Today more than 700 new or rehabilitated factories—textile mills and cement plants, electronics and plastics—are changing the entire face of that nation. New roads and communications, railroad equipment, and electric generators are a spreading base on which this new industry can, and is, growing.

Progress in the midst of war

All this progress goes on, and it is going to continue to go on, under circumstances of staggering adversity.

Communist terrorists have made aid programs that we administer a very special target of their attack. They fear them, because agricultural stations are being destroyed and medical centers are being burned. More than 100 Vietnamese malaria fighters are dead. Our own AID officials have been wounded and kidnapped. These are not just the accidents of war. They are a part of a deliberate campaign, in the words of the Communists, "to cut the fingers off the hands of the Government."

We intend to continue, and we intend to increase our help to Vietnam.

Nor can anyone doubt the determination of the South Vietnamese themselves. They have lost more than 12,000 of their men since I became your President a little over a year ago.

But progress does not come from investment alone, or plans on a desk, or even the directives and the orders that we approve here in Washington. It takes men. Men must take the seed to the farmer. Men must teach the use of fertilizer. Men must help in harvest. Men must build the schools, and men must instruct the students. Men must carry medicine into the jungle, and treat the sick, and shelter the homeless. And men—brave, tireless, filled with love for their fellows—are doing this today. They are doing it through the long, hot, danger-filled Vietnamese days and the sultry nights.

The fullest glory must go, also, to those South Vietnamese that are laboring and dying for their own people and their own nation. In hospitals and schools, along the rice fields and the roads, they continue to labor, never knowing when death or terror may strike.

How incredible it is that there are a few who still say that the South Vietnamese do not want to continue the struggle. They are sacrificing and they are dying by the thousands. Their patient valor in the heavy presence of personal physical danger should be a helpful lesson to those of us who, here in America, only have to read about it, or hear about it on the television or radio.

We have our own heroes who labor at the works of peace in the midst of war. They toil unarmed and out of uniform. They know the humanity of their concern does not exempt them from the horrors of conflict, yet they go on from day to day. They bring food to the hungry over there. They supply the sick with necessary medicine. They help the farmer with his crops, families to find clean water, villages to receive the healing miracles of electricity. These are Americans who have joined our AID program, and we welcome others to their ranks.

A call for aid

For most Americans this an easy war. Men fight and men suffer and men die, as they always do in war. But the lives of most of us, at least those of us in this room and those listening to me this morning, are untroubled. Prosperity rises, abundance increases, the Nation flourishes.

I will report to the Cabinet when I leave this room that we are in the 51st month of continued prosperity, the longest peacetime prosperity for America since our country was founded. Yet our entire future is at stake.

What a difference it would make if we could only call upon a small fraction of our unmatched private resources—businesses and unions, agricultural groups and builders—if we could call them to the task of peaceful progress in Vietnam. With such a spirit of patriotic sacrifice we might well strike an irresistible blow for freedom there and for freedom throughout the world.

I therefore hope that every person within the sound of my voice in this country this morning will look for ways—and those citizens of other nations who believe in humanity as we do, I hope that they will find ways to help progress in South Vietnam.

This, then, is the third face of our struggle in Vietnam. It was there—the illiterate, the hungry, the sick—before this war began. It will be there when peace comes to us—and so will we—not with soldiers and planes, not with bombs and bullets, but with all the wondrous weapons of peace in the 20th century.

And then, perhaps, together, all of the people of the world can share that gracious task with all the people of Vietnam, North and South alike.

HOPE FOR PEACE IN YEMEN

Mr. FULBRIGHT. Mr. President, at a time when a number of world issues are in crisis or in deadlock, it is gratifying to note an act of statesmanship and conciliation. I refer to President Nasser's decision to go to Saudi Arabia on August 22 to discuss the situation in Yemen with King Faisal. In preparation for his discussions with King Faisal, President Nasser has been meeting in Alexandria with Yemeni leaders in an effort to devise proposals for ending the festering Yemeni war.

In the meantime, tensions along the Saudi-Yemeni border, which until quite recently were rising, are now visibly abating. It is to be hoped that reduced hostilities will create a favorable atmosphere for peace negotiations.

President Nasser is often criticized in the United States for provocative actions and policies. It is fair and proper that we commend the President of the United Arab Republic when he takes conciliatory action for peace, as he is now doing with respect to Yemen.

Mr. President, I hope that the negotiations will turn out successfully, as it was a very dangerous situation in that area, and has been for some 3 years.

FURTHER AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—CONFERENCE REPORT

The Senate resumed the consideration of the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, the conferees on the Foreign Assistance Act met 14 times before final agreement was reached on the text now before the Senate. As usual, the subject of foreign aid has been actively before the Senate in one form or another since March, a period of 6 months, and we have not yet acted on the appropriations bill.

I wish I could report to my colleagues that they would not need to begin the process all over again 3 or 4 months hence. But this is not the case because

the Senate conferees reluctantly—certainly, from my point of view, most reluctantly—were forced to accept those provisions of the House bill which authorized the program for only 1 more year.

Depressing as I personally find it to ask for approval of this conference report, nevertheless, I believe that it is possible we may have laid the groundwork for more thorough reforms next year. For the record, I wish to state that the Senate conferees, in agreeing with the House conferees to omit from this year's act Senate language authorizing a 2-year aid program and calling for a planning committee to study the basic principles underlying U.S. aid programs, placed reliance on the following factors. With respect to the 2-year authorization, the Senate conferees receded on the basis of:

First. The willingness of the House members of the committee of the conference to urge their House colleagues next year "to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years"; and

Second. The statement of the Secretary of State when he met with the Foreign Relations Committee on August 12, 1965, that next year "the administration expects to request that the multiyear principle adopted by the Congress in 1961 and 1962 for development lending be extended to include all other authorizations contained in the foreign aid bill to be proposed early in the next session of Congress."

I am hopeful that next year with the support of the administration and with the agreement of the House conferees, to examine a longer term authorization "with the greatest of care" that some headway may be made so we may get away from the dreary cycle of 1-year aid programs.

Throughout the conference, the House conferees reiterated time and time again that one of the reasons why they were unwilling to accept the amendment was that it was not requested by the administration. Whether that will be determinative, I do not know, but at least one step forward has been taken. Generally speaking, the administration's recommendations in these matters are given serious consideration by both bodies.

On the subject of the Senate's proposal to create a planning committee to examine the basic principles of foreign aid, the Senate receded on the basis of the following factors:

First. The statement of the conferees of both Houses urging the President "to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries," and

Second. The statement of the Secretary of State on the occasion referred to above that, despite its opposition to the creation of the foreign aid planning committee and certain other related provisions, nevertheless, the administration recognizes "the concern of the Senate about the future content and direction of the foreign aid program."

In this connection I may say that I have already requested our chief of staff of the committee to undertake preliminary preparations for a review of our aid program by the committee. We have done this in the past in other fields. I am sure this can be very useful in this connection.

The Secretary of State added:

We would be very pleased to assist in any way we could any studies undertaken by the two legislative committees. In addition, the executive branch, prompted by these congressional concerns, will conduct a special study of the program, giving particular attention to the issues raised by this committee: the number of countries receiving assistance; the requirements for assistance and the prospects for achieving our objectives and terminating assistance; the contribution of other developed countries; and the appropriate relationships between bilateral and multilateral assistance.

On the subject of whether the national interest might better be served by increasing the proportion of development aid to be administered by the World Bank and related agencies, rather than solely through U.S. agencies, the Senate conferees were assured by the statement of the Secretary of State that the administration has asked the Appropriations Committees to "remove the prohibition in the Appropriations Act on the use of the authority of section 205 of the Foreign Assistance Act."

This provision in past AID appropriation acts has prohibited the effective use of certain percentages, in the past, 10 percent and under the present bill, 15 percent, of the Development Loan Fund to be made available to international development agencies.

I hope very much that the Appropriations Committees will follow the recommendations of the administration on this point and will not this year nullify the considered provision of the authorizing legislation specifying that not to exceed 15 percent of the Development Loan Fund may be used by the President through lending institutions such as the Bank and the International Development Association. This would enable the aid program to urge other free nations to help in the development process.

Secretary Rusk stated:

The executive branch and the Congress are in agreement on the desirability of enlarging the resources available to international aid-giving agencies on the basis of cost-sharing among the advanced countries. This is still our policy.

I regret that the Senate conferees were not able to prevail upon their House counterparts to accept this year the provisions of the so-called Morse amendment. That amendment would immediately have inaugurated a much needed review of the aid program. It provided clear mandates as to the desirability of interrupting aid continuity "in its present form." The series of basic principles set forth in that amendment went to the heart of the proliferation of country programs without tying these programs to principles by which we might have promoted a tightened definition of the national interest.

I also regret that we were not able to put the aid program on a 2-year basis, thus enabling the Committee on Foreign

Relations and the Senate to devote more time and attention to the many areas of foreign policy which need review and more modern mandates.

There were, of course, a number of other points in issue between the two Houses. This disposition of these issues is set forth in the conference report.

A number of loopholes were closed, including a blanket authorization provision which existed in the House bill.

The overall amount authorized in the bill and previous aid legislation is \$3.36 billion which is some \$97 million less than the administration asked for in March. I ask unanimous consent to insert in the RECORD at this point a table showing the disposition of the administration's request on an item by item basis.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AUTHORIZATION OF FUNDS

The following table shows the differences between the House bill and the Senate amendment, the sums agreed to by the committee of conference and the administration appropriation request for programs authorized in this bill and in existing law:

Foreign Assistance Act of 1965 (fiscal year 1966)

[In thousands of dollars]

	Executive appropriation request	House	Senate	Conference	Adjustment against House bill	Adjustment against Senate amendment
	(1)	(2)	(3)	(4)	(2) and (4)	(3) and (4)
Development Loan Fund.....	1 780,250	(1)	(1)	(1)		
Technical cooperation and development grants.....	210,000	210,000	210,000	210,000		
For southeast Asia ¹	² 9,000		² 9,000	(2)		² -9,000
American schools and hospitals abroad.....	7,000	7,000	9,000	7,000		-2,000
Alliance for Progress ³	² 580,125	(3)	(3)	(3)		
Grants.....	(85,000)	(85,000)	(70,000)	(75,000)	(-10,000)	(+5,000)
International organizations and programs.....	145,555	144,755	146,455	144,755		-1,700
Supporting assistance.....	369,200	369,200	350,000	369,200		+19,200
For southeast Asia ²	² 80,000	(2)	² 80,000	(2)	(2)	² -80,000
Contingency fund ⁴	50,000	² 50,000	50,000	50,000		
Military assistance.....	1,170,000	1,170,000	1,170,000	1,170,000		
Administrative expenses:						
AID.....	55,240	53,240	55,240	54,240	+1,000	-1,000
State Department.....	⁴ 3,100	(4)	(4)	(4)		
Special authorization for southeast Asia ¹	(2)	(2)	(2)	² 89,000	² +89,000	² +89,000
Total.....	3,459,470	2,004,195	2,079,695	2,094,195	+90,000	+14,000

¹ Existing law authorizes an appropriation of \$1,500,000,000 for fiscal year 1966, plus unappropriated portions of amounts authorized for fiscal years 1962-65. The Executive request for fiscal year 1966 is \$780,250,000.

² The House bill contained an authorization for an appropriation for military and economic programs in southeast Asia of such sums as may be necessary in fiscal year 1966. This was added to the section of the law relating to the contingency fund. The Senate amendment added \$90,000,000 to the authorization for technical cooperation and \$80,000,000 to the authorization for supporting assistance to reflect the Executive request of \$89,000,000 for use in southeast Asia.

³ Existing law authorizes an appropriation of \$600,000,000 for fiscal year 1966 against which the Executive has requested an appropriation of \$580,125,000. Neither the House bill nor the Senate amendment made any change in the total authorization for the Alliance for Progress for fiscal year 1966.

⁴ Existing law contains a continuing authorization for such sums as necessary. The Executive has requested an appropriation of \$3,100,000.

RECAPITULATION

Total amount of new authorizations contained in H.R. 7750..... \$2,094,195,000
Appropriations requested against previous authorizations:

Development Loan Fund.....	\$780,250,000
Alliance for Progress.....	580,125,000
State Department administrative expenses.....	3,100,000
	<u>1,363,475,000</u>

Total authorized and requested for fiscal year 1966.....	3,457,670,000
Limitation on aggregate authorization for fiscal year 1966.....	3,360,000,000
Difference.....	<u>97,670,000</u>

NOTE.—The Senate amendment contained a limitation on the aggregate authorization for use in fiscal year 1966 of \$3,243,000,000. The conferees agreed to a limitation of \$3,360,000,000.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. MORSE. Who is the acting majority leader at the present time?

The ACTING PRESIDENT pro tempore. The Senator from Arkansas [Mr. FULBRIGHT].

Mr. MORSE. Who is the acting Republican minority leader?

The ACTING PRESIDENT pro tempore. The Chair would say that it is the Senator from California [Mr. KUCHEL].

Mr. MORSE. There is quite a vacuum of empty seats. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR KUCHEL TO THE SUBCOMMITTEE ON IRRIGATION AND RECLAMATION OF THE HOUSE OF REPRESENTATIVES ON THE LOWER COLORADO RIVER BASIN PROJECT LEGISLATION

Mr. KUCHEL. Mr. President, earlier today I had the honor of appearing before the Subcommittee on Irrigation and

Aug. 24, 1965

14. FOREIGN AID. By a vote of 67 to 27, agreed to the conference report on H. R. 7750, the foreign aid authorization bill (pp. 20697-723). This bill will now be sent to the President. See Digest 152 for items of interest.
15. STATE-JUSTICE-COMMERCE-JUDICIARY APPROPRIATION BILL, 1966. Agreed to the conference report on this bill, H. R. 8639 (pp. 20659, 20660-7). This bill will now be sent to the President. The bill includes items for contributions to international organizations and for the Bureau of Public Roads for the Federal highway program, including forest highways.
16. HOUSING. Conferees were appointed on H. R. 6927, to establish a Department of Housing and Urban Development (p. 20667). House conferees have already been appointed.
17. DEFENSE DEPARTMENT APPROPRIATION BILL, 1966. This bill, H. R. 9221, was made the unfinished business. pp. 20743-5
18. RECREATION. The Interior and Insular Affairs Committee reported with amendments S. 936, to provide for the establishment of the Sleeping Bear Dunes National Lakeshore, Mich. (S. Rept. 644). p. 20633
19. FARM PROGRAM. Sen. Mondale inserted numerous letters from residents of Minn. expressing opinions on the farm program and farm conditions, and he stated that the letters "are unanimous in pointing out that their livelihood, and the vitality of rural America - both on the farm and off - depends upon adequate farm income." pp. 20695-7
20. FORESTRY. Sen. Gruening defended the proposed sale by the Forest Service of timber from the Tongass National Forest, Alaska, against recent criticism and inserted an article defending the proposed sale. pp. 20667-9
21. WATERSHEDS. The Public Works Committee approved plans for works of improvement on the following watersheds: Choccolocco Creek, Ala., Little Clear Creek, Ark.; Grove River, Ga.; South Fork-Broad River, Ga.; Supplement to Busseron, Ind.; and Supplement to SuAsCo, Mass. p. 20674
22. FARM LABOR. Sen. Bennett commended the citizens of Cache Co., Utah for providing classwork and supervised recreation for a group of children of migrant farm workers. p. 20676
23. ORGANIZATION. Cosponsors were added to S. 2411, to provide for the establishment of a commission to study the organization and operation of the executive branch. p. 20646
24. PERSONNEL. Sen. Monroney announced that the Post Office and Civil Service Committee will resume hearings Aug. 26 and 27 on Federal pay legislation. p. 20646
Sen. Gruening expressed opposition to H.R. 8390, to terminate cost-of-living allowances for statutory-salaried Federal civilian employees in nonforeign areas, stated that the bill would abolish the cost-of-living allowance for Federal classified employees in Alaska, and inserted the testimony of Rep. Rivers criticizing the bill. pp. 20674-5
25. WATER RESOURCES. Sen. Jackson announced that the Interior and Insular Affairs Committee will hold "an informal and planning hearing September 9 on the critical problems brought on by the acute water shortages in the Northeast," and that Secretary of the Interior Udall has been invited to testify. pp. 20646-7

26. EMPLOYMENT. Sen. Javits inserted Vice President Humphrey's speech to the White House Conference on Equal Opportunity on Federal efforts to promote equal employment opportunities, particularly for members of minority groups. pp. 20657-8

HOUSE, cont'd

27. PERSONNEL; PAY. As reported (see Digest 150), H. R. 10281, the Federal pay bill, includes provisions as follows:

Provides for two separate salary increases for employees subject to the Classification Act of 1949; the first increase of approximately $4\frac{1}{2}$ percent would be effective the first pay period beginning on or after Oct. 1, 1965; the second increase, to become effective the first pay period beginning on or after Oct. 1, 1966, would be based on a special formula relating to salary increases in private industry for comparable work.

Provides a procedure by which an employee who receives notice that his work is not of an acceptable level of competence shall have an opportunity to secure reconsideration of the determination within his department and, if the earlier determination is affirmed by his department, shall have the right of appeal to the Civil Service Commission for a final determination.

Authorizes overtime pay for all hours of work in excess of 8 hours a day (as well as in excess of 40 hours a week) and, for employees in grade GS-10 and above, permits calculation of their overtime pay at a maximum of the initial step of GS-10 (instead of GS-9).

Clarifies the right of major Federal employee organizations to review the Bureau of Labor Statistics annual survey findings and the results of the comparisons made of Federal and private enterprise salary rates, and the right of these organizations to have their recommendations forwarded to the President for his consideration.

Authorizes severance pay for employees who are separated from Federal service through no fault of their own and are not entitled to immediate civil service retirement benefits, the severance pay to consist of two elements--a basic severance allowance and an age adjustment allowance--the total of which would not exceed a year's pay.

Provides for proportionate salary increases in 1965 and 1966 for ASC county committee employees.

Increases the maximum uniform allowance from \$100 to \$150 per year for employees who are required to wear uniforms in the performance of their official duties.

Provides for the conversion of certain executive and other employees from their present monthly pay periods to the biweekly pay system.

Provides for the establishment of a Federal Salary Review Commission to review the compensation of Federal employees, including that of Federal executives, judges, and Members of Congress, and to submit to the President not later than Jan. 1, 1967, and Jan. 1 of every fourth year thereafter beginning in 1971, a report containing its recommendations concerning basic rates of compensation; requires the President, after considering the Commission's recommendations, to transmit to Congress, not later than March 31, 1967, and not later than March 31 of every fourth year thereafter beginning in 1971, his recommendations as to rates of basic compensation. Provides for the automatic adjustment in the salary rates of Federal executives, judges, and Members of Congress, whenever the salary rates of classified employees are increased, as will maintain the present salary relationship both among these groups and between them and employees subject to the Classification Act of 1949.

ITEMS IN APPENDIX

28. WATER. Rep. Brock inserted an article calling for urgent attention to the problems of water pollution and drought. pp. A4720-1

of the Warroad River Watershed Project, which would aid in the drainage problem of our area.

We hope that immediate action can be taken to help restore the economy of this depressed area by putting in a new and effective farm program.

Sincerely,

JOHN R. HENEMAN,
President.

STAHLER, GIBERSON & COLLINS,
Morris, Minn., August 12, 1965.

To Whom It May Concern:

The economic plight of agriculture is obvious to anyone who resides in West Central Minnesota. The exodus by the farmer and the business and professional man who are dependent upon him, the abandoned farm buildings, the empty buildings up and down the main streets of the villages and cities, the paucity of building activity, and the defeatistic attitude of the many inhabitants of the area, are mute testimony to this great problem.

As a lawyer, I am in daily contact with these problems and, in that I prepare a considerable number of tax returns for farmer clients, I well know that for many years the prices that the farmer has received for food and fiber have diminished while the cost of production has risen to a point where there is a very little difference between the two. Under the present farm program, I fear that this condition will not improve and in fact will worsen.

Unless this unfortunate situation is changed and with great rapidity, West Central Minnesota will become a little Appalachia.

It would appear that this area's economic problem would be relieved to a great degree with the passage of the proposed omnibus farm bill—at least this would be a step in the right direction—and I would certainly urge that every effort be made so that this bill becomes law.

Yours truly,

DONALD R. GIBERSON.

LEWISVILLE, MINN.,
August 14, 1965.

To Whom It May Concern:

As businessmen in a small town, we are concerned with the loss of farm families in our area and the economy of those remaining. Since this is a farm community, our businesses depend on the welfare of the farmer. Our ability to remain in business depends on their trade.

The recent trend for the younger people to leave the farm for work in larger cities is due to the low income the farmer is receiving. We feel it is greatly important that an effective farm program be established to meet their needs.

Not only are the young people of the farm leaving, but, because the future of small-town businesses are uncertain, our young people in our small town are also leaving for employment in larger cities. This situation is also disastrous to our businesses. Therefore, the existence of small towns depends on such a farm program which will effectively help small towns, as well as the farmers.

Sincerely,

Glen A. Davis, Glen's Appliance & Hardware; Henry Johnson, Mayor of Lewisville-Produce Owner; John Haycraft, Livestock Buyer; M. C. Bachman, Bachman's Restaurant; Delbert C. Wiedakop, Gamble Store Operator; Bernice Haycraft, Lewisville Spotlight News-Agriculture Enumerator for 1964.

Warren Denn, Lewisville Motor Co.; Ronald Johnson, President of Commercial Club and Grocer; G. C. Westumann, Creamery Manager; Leonard Hedatton, Lewisville Farmers Elevator Manager; Lowell Flitter, Flitter's Machine Shop; Dean Haycraft, Former Privately Owned Grocer, Now Food Processing Employees.

SAUK CENTRE HERALD,

Sauk Centre, Minn., August 12, 1965.

Senator EUGENE MCCARTHY,
Senator WALTER F. MONDALE,
Leaders of Agricultural Committees;

As editor of the Sauk Centre Herald, I come into close contact with farmers in this rural community, and with the businessmen in our city of approximately 4,000 population.

Farmer and city dweller alike are increasingly concerned over the price of farm products, and the inevitable unfavorable reflection on the businessman. The economy of areas like our own (and there must be hundreds of them much like the Sauk Centre community throughout the United States) is closely bound together between farmer and merchant. One cannot survive without the other.

We say honestly that we are very proud of our Main Street, as inhabitants of the rural areas almost always are.

That is why we are so distressed at the sight of vacant farm buildings that dot our pleasant fields, and at the blank store windows that face us in the small towns.

Rural America needs help. We are willing to help ourselves, and recognition of the problems we have is the first step toward solution.

I heartily endorse this fly-in, with the hope that progress will be made from these exchanges of information and ideas.

Sincerely,

ALLAN J. OGLE,
Editor, the Sauk Centre Herald.

WINTHROP HATCHERY

Winthrop, Minn., August 15, 1965.

To Whom It May Concern:

For several years now, many farmers and business people in communities, such as ours, have written to our Senators and Congressmen in regard to the severe deterioration of the farm economy in our Midwestern States. Yet nothing of any value has been done.

It is a well-known fact that the strength of any nation lies in the productiveness of its lands—not only in mineral and timber, but also in the production of its farmlands. The mainstay of our economy has been the people who own and operate these lands. Large corporate farms will surely put our small farmers in the Midwest in a state of serfdom, a trend which seems to be condoned by not only many Senators, Congressmen, and agricultural experts, but also by our President. The thing that brought many a European nation to its knees was the fact that its government forgot the people that were the very backbone and strength of the nation; namely, the average-sized family farmers.

What would the large corporate farm operations do to the Midwest economy, or for that matter the national economy? They would—

(a) Deprive the Government of much needed taxation.

(b) Bankrupt thousands of small businesses.

(c) Take away the livelihood of many small farmers reducing them to virtual serfdom.

(d) Put many more on our overworked dole system.

(e) Cost millions of dollars to retrain these people for jobs in other fields, many of which are already overcrowded.

(f) Take away the very thing that has made this Nation strong—namely the independence and pride of a strong people.

Because of the fact that very little has been done to help the small farmer in the Midwest, the movement of corporate farming is coming closer and closer to reality.

Yes, it is high time something is done to help the economy of the small depressed midwest farmer. A vigorous program to bring farm prices up to parity and to restrict imports of commodities which our farmers produce in any sizable abundance, such as

beef, etc., is definitely needed. Also we should restrict making our knowledge available to other nations, who because of lower labor costs, can afford to export the products to this country in competition with the same product produced here by our own farmers.

Sincerely,

MAX E. WITT.

Mr. MONDALE. Mr. President, on August 16 through 18, the Minnesota Farmers Union flew in some 80 businessmen, farmers, cooperative managers, merchants—all at their own expense—to talk to Senators and Representatives about the farm programs and farm legislation.

Mr. Edwin Christianson, president of the Minnesota Farmers Union, brought with him over 150 letters from Minnesotans interested in strong and vigorous farm programs, but who were unable to travel to Washington to meet with their Congressmen. These letters represent a broad cross section of the community: farm machinery dealers, automobile dealers, truckers, foodstore managers, wives of farmers, farmers, bank presidents, school leaders, cooperatives, chambers of commerce, attorneys, and newspapermen. They are unanimous in pointing out that their livelihood, and the vitality of rural America—both on the farm and off—depends upon adequate farm income. They bear testimony to the fact that 38 percent of our Nation's work force is intimately connected with the production, handling, processing, and retailing of food and fiber products. They bear testimony to the fact that further decline in farm income will seriously affect this segment of the work force, and that our economy cannot afford such a blow.

Mr. President, I ask unanimous consent that the following letters, representative of all of them, be printed in the RECORD at this point. I wish that all of them could be read and printed, but I do not wish to delay the Senate unduly.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1965—
CONFERENCE REPORT

Mr. MORSE. Mr. President, I ask unanimous consent that the conference report on the foreign aid bill be laid before the Senate.

Mr. FULBRIGHT. It was laid before the Senate yesterday.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Mr. President, is the conference report on the foreign aid bill the unfinished business?

The PRESIDING OFFICER. The Senator is correct, but it would not come before the Senate automatically until 2 o'clock.

Mr. MORSE. Mr. President, I ask unanimous consent that the conference report be laid before the Senate now.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senate resumed the consideration of the report of the committee of con-

ference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, on the adoption of the conference report, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, in expressing my reasons for refusing to sign the conference report as a conferee, and in stating my urgings upon the Senate that the conference report be rejected, I wish to make a brief statement setting forth my appraisal of the parliamentary situation that confronts the Senate.

I believe it is well known in the Senate that I believe it is not in the interest of my country to continue foreign aid on the basis of its present format. I have taken that position for the past several years. I yield to no one in my support of the theory of foreign aid. I would yield to no one in trying to work out a foreign aid program that I would think would be in the best interests of my country.

Unfortunately, the conference report does not advance that cause but, in my judgment, sets it back, for reasons which I shall shortly explain.

I am also fully aware of the parliamentary situation that prevails in this debate. I do not care to participate in an exercise in futility.

There are some parliamentary proposals that I could make this afternoon, such as I made in committee. However, I am satisfied that the result would be the same in the Senate as they were in the committee.

I have tried in my 20 years in the Senate to cooperate with my colleagues in the Senate and face up to the parliamentary realities that confront me. Therefore, I shall make my major arguments in opposition to the conference report, but I do not intend to make any motions which are available to me to make. In making such motions, in my judgment, I would be engaged in an exercise of futility. I could make a motion to send the conference report back to conference with instructions, or a motion to send the conference report back to conference, urging that the Senate conferees give further consideration to a proposal I made in conference, that we urge the House to adopt a continuing resolution that would continue foreign aid on the basis of the authorization of last year.

Mr. President, we all know what the result of those motions would be. They would be overwhelmingly defeated in the Senate. I speak respectfully of my colleagues in the Senate. At the present time there is a combination of motivations in the Senate that assures the senior Senator from Oregon that due deliberation on such proposals would not be given in the Senate.

Most of my colleagues are anxious to adjourn sine die. I have already pointed out that I thoroughly oppose Congress adjourning sine die while American boys are dying in southeast Asia. I have pointed out many times in statements in the past 2 or 3 weeks in the Senate that

I believe that Congress ought to stay on the job as long as the war continues in southeast Asia to carry out a basic protection of the American people set forth in the Constitution—the function of Congress to constantly maintain a checking power upon the executive branch of the Government.

I cannot understand the point of view that I am satisfied prevails in Congress, that we should close up parliamentary shop, so to speak, go home, and leave the prosecution of an undeclared war to the President of the United States, the Secretary of State, and the Secretary of Defense, with no 24-hour check by the Congress of the United States, until such time as the President might decide to call us back in special session.

I have been heard many times here in the Senate in the expression of my view that there is a rapid trend in this country toward the development of a country by executive supremacy, thereby weakening and undermining and undercutting our system of three coordinate and coequal branches of the Government, each branch constitutionally serving as a check on the other two.

That is the reality that confronts me. My voice will continue to be somewhat of a cry in a parliamentary wilderness, so far as Congress is concerned, but I never give up hoping that eventually the American people will come to a full realization of what such a procedure is doing to what I consider to be very precious constitutional rights of theirs in respect to the operation of our system of checks and balances.

Facing that reality, let this record be crystal clear that the senior Senator from Oregon is not going to offer any of the motions that he might offer—motions to send the conference report back to conference, or to urge the Senate to instruct its conferees to try to have a continuing resolution passed in conference.

I offered that resolution to the Senate conferees. It was defeated, 6 to 1, in conference. Therefore, nothing, it seems to me, could be gained by making a vote record here on the measure in the Senate. My statement makes the record. If I could get the slightest indication of any substantial support for such a motion, I would make it.

I do not propose to take up the time of the Senate in consideration of such a motion when each of us can take judicial notice as to what the result would be.

However, the American people are entitled to have Senators go on record by a rollcall vote of approval or disapproval of the conference report. I appreciate very much the cooperation of Senators and express my thanks to Senators who agreed to the rollcall vote for which I asked. In not so many minutes, that rollcall will result in every Senator standing up and being counted for history with respect to this conference report.

The conference report brought back by the Senate conferees is another retread on the same foreign aid program that has produced little or nothing for American foreign policy in the last 5 years except stonings, burnings, and assaults on American property in many parts of the world. It is a victory only for those,

in both the Congress and the executive agencies, who prefer to wash congressional hands of control or responsibility over the program. It means another year of blank check to AID and the Departments of State and Defense to spend close to \$3.5 billion for whatever purposes they see fit.

Let me point out to the American people that the foreign aid bill which has been referred to by this administration as a "bare bones" bill is not a "bare bones" bill at all—\$3½ billion—in round numbers—is a great deal of money. When one talks to the senior Senator from Oregon about foreign aid, he must talk to him about all aspects of a foreign assistance program.

Let me point out to the American people in the State Department like to departmentalize foreign assistance, and how they like to keep different programs of foreign assistance in watertight compartments. But they cannot do it. So let the Record show that, in round numbers, our total foreign assistance is nearer \$7 billion, because we must take into account all the other programs and all of the other agencies that spend the American taxpayers' money in the field of foreign assistance.

I shall have something to say before I finish about the alibi of the State Department and the AID people that a part of that program involves loans. They were hurt in the annual debate on foreign aid in recent years in connection with giveaway or grant programs. The State Department and the AID people are masters in the use of semantics, and they use language to deceive the American taxpayers.

One of the characteristics of our foreign aid program is spelled out by the letters of the word "deception." The American people are constantly being fooled by the propaganda of the State Department and the AID officials in respect of the nature and content of foreign aid, because foreign aid is not what those in the State Department call it. Foreign aid encompasses all of our foreign assistance program.

I urge the American people to insist upon an analysis of the total foreign assistance program, which is in the neighborhood of \$7 billion, in spite of this administration's allegation about this bill being a "bare bones" bill.

In recent years, the Senate has reflected a deep discontent over the standards and objectives of the foreign aid program. We have said a lot about it; and we have adopted some amendments that explored the fringes of the jungle. But in the end, we have invariably yielded to the House, which reflects a more pure and unadulterated view from the seventh floor of the State Department than does even the Senate.

What the Senate conferees brought back to the Senate was a capitulation to the other body, meaning a capitulation to downtown. There is not a word or a sentence that holds the hope of any future changes for the better in the management or the objectives of foreign aid. As Senators know, the key issue in conference was the package amendments placed in the bill by the Senate Foreign Relations Committee. They called for

authorizing the program for 2 years, after which it would end in its present form and during which time a joint House-Senate committee would reconstruct new format for aid, including much of food for peace.

This arrangement provided the machinery for a congressional review, not another administrator review, of aid, but a congressional review of aid in all its manifestations.

Until this Congress assumes full responsibility for a review of aid, an adequate review of AID will never be accomplished.

If anyone believes that the State Department or the AID people are going to conduct a critical review of foreign aid, he could not be more mistaken. If people believe that, they are highly gullible, because we have had the oft repeated promise from the State Department and the AID personnel, year after year, that they intend to put their house in order.

As I said to the Secretary of State and Mr. Bell, the Director of AID, when they appeared before the Foreign Relations Committee not so many days ago, I remember an official spokesman for the administration coming to see me after my minority report last year—which I shall place in the *RECORD* later this afternoon—telling me that he found it very difficult to quarrel with many criticisms in that minority report, and suggesting a series of meetings with me, to be participated in by the State Department and AID representatives, before the administration submitted a foreign aid bill the next year, to see if we could not reach an understanding on the necessary modifications that would remove some of my criticisms, which he admitted were sound.

As I said to the Secretary, Mr. Rusk, and Mr. Bell, the other day, I took the position that I was not going to meet with them alone, but I would be glad to meet with them if all members of the Foreign Relations Committee were invited to attend the meeting; that I highly approved of such an approach to the foreign aid program. It was satisfactory to them. No such sessions were ever called. I continue to stand willing and able to participate in such conferences. All I can say is that I hope between now and next year such conferences may be held. But such conferences do not replace the primary responsibility of the Congress to conduct a thorough investigation of foreign aid and come forward with a foreign aid bill that removes the great abuse and waste that exist in the present foreign aid program.

I point out that the purpose of the joint committee, which the Foreign Relations Committee approved of, which I proposed, and which the chairman of the committee [Mr. FULBRIGHT] endorsed, and to whom I am greatly indebted for cooperation with respect to this proposal, was to consider the whole field of financial and military assistance programs abroad, to judge of unity of purpose or lack of unity, to consider whether our assistance was aimed at sound and reasonable objectives, and to establish what new guidelines for future

aid, including its administration, might seem desirable.

It became known in debate, covering a good many weeks' deliberation, as the Morse amendment. We coupled it with the Fulbright amendment. Although I do not believe in having an authorization bill beyond a year, I did admit, as a result of the discussions which we held in committee, that we could not very well have the program of analysis, study, and review which my amendment called for, in a year. It would take at least a year and a half, which would then put us in a position to put into proposed legislation the recommendations resulting from such a study.

The Morse amendment included a provision that all foreign aid, as we now call it, should come to an end at the beginning of fiscal year 1967, and that foreign aid would start anew, but on the basis of a different format. My amendment provided that instead of the large number of countries upon whose foreign aid programs we are throwing hundreds upon millions of dollars of American taxpayers' money, the number of countries would be reduced to 50.

Debate shows that I stated there was nothing magical about the number 50, that if the special committee which was to be set up under the Morse amendment found that the number should be less than 50, or more than 50, then whatever the number which could be supported would be substituted for the 50.

That was the program I offered. That was the program the Foreign Relations Committee unanimously accepted. That was the program adopted by the Senate and which went to conference. But we coupled with it the Fulbright proposal for a 2-year period for the study and drafting of a new foreign aid program. It was all thrown out the window, so to speak, in conference; and now we bring it back as a Foreign Relations Committee amendment to the Senate, with no aspect or element of the procedural reform features of the bill which went through the Senate. Not only that, but as I hope to show before I finish, we have worsened the situation.

The conference report entirely abandons the machinery of the Fulbright amendment and the Morse amendment, despite its unanimous approval this spring by the Senate Foreign Relations Committee.

In announcing the conference agreement, the Senator from Arkansas [Mr. FULBRIGHT] stated that the Senate conferees had abandoned the Senate's package amendments after placing reliance upon two factors. He said:

With respect to the 2-year authorization the Senate conferees receded on the basis of (1) the willingness of the House Members of the Committee of the Conference to urge their House colleagues next year to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years; and (2) the statement of the Secretary of State when he met with the Foreign Relations Committee on August 12, 1965, that next year the administration expects to request that the multi-year principle adopted by the Congress in 1961 and 1962 for development lending be extended to include all other authorizations

contained in the foreign aid bill to be proposed early in the next session of Congress. I am hopeful—

The Senator from Arkansas continued—

that next year with the support of the Administration and with the agreement—

And I emphasize this—

of the House conferees to examine a longer term authorization with the greatest care that some headway may be made so we may get away from the dreary cycle of one-year aid programs.

Mr. President, I speak most respectfully. The Senate conferees did not get any agreement out of the House conferees. There is no agreement in that language. All Senators should have sat in on that conference and observed the wry smiles which crossed the faces of some of the House conferees. They gave us some language, but the language spells out no agreement whatsoever. There is no commitment from the House conferees in regard to any 2-year foreign aid program.

Let me say most kindly that it would have been better if the majority of the Senate conferees had not even used that language, because it misleads the American people.

I wish to spend a little time on it, Mr. President, because I wish to answer now the argument which will be made by many who will be misled by this language. I say to the American people that the Senate conferees brought back no agreement from the House conferees whatsoever in regard to any 2-year program for foreign aid beginning next year.

The language of the chairman of the Senate conferees shows that to be clear. I quote the Senator from Arkansas [Mr. FULBRIGHT]:

The Senate conferees receded on the basis of, one, the willingness of the House Members of the committee of the conference to urge their House colleagues next year to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years;

Mr. President, what does that commit them to?

The language is completely meaningless so far as any binding effects upon any House conferees is concerned.

Point No. 1, there is not a Senator or Representative who knows who the House conferees are going to be next year.

Point No. 2, what the House conferees said to the Senate conferees in effect was, "All right, you recede and we will tell you that next year we will examine your proposals with the greatest care."

That is not even as valuable as an infertile goose egg so far as having any value in connection with an agreement is concerned. They committed themselves to nothing.

I am sorry to say that what they did do, in the use of that language, was to give the Senate conferees what they thought was a face saver, but the Senate conferees have brought back no face saver, because neither the chairman nor any of my colleagues on the conference can show the Senate or the taxpayers of America what they did. I am now more interested in the taxpayers of America

than I am in Members of this body, because only the taxpayers of America can give the answer to our foreign aid. They must give that answer, starting in the elections of 1966.

As I said in conference, and as I say today, to the voters of America, "You will get foreign aid cleaned up only when you clean up Congress at the voting booths in 1966 and 1968."

Mr. President, we have come to the point where, if we are to change foreign aid in this country and stop the shocking waste and corruption which the Comptroller General's reports show we shall have to make the politicians of America understand their duty in the voting booths. That is the only way we can ever stop this waste.

The Senate conferees brought back no agreement binding on the House. They gave us some language in which they said to us, in effect, with smiles on their faces, "You recede, and we will give you the assurance that we will give most serious consideration to your proposals next year."

I never thought that I would ever see a conference group come back to the Senate and advance such language as justification for receding from what the Senate passed when it passed the foreign aid bill.

The chairman of our Foreign Relations Committee said:

The second reason why the majority of the Senate conferees receded was the statement of the Secretary of State when he met with the Foreign Relations Committee on August 12, 1965, that next year the administration expects to request that the multiyear principle adopted by Congress in 1961 and 1962 for development lending be extended to include all other authorizations contained in the foreign aid bill to be proposed early in the next session of Congress.

Of what value is that? Up to the moment I speak we have had no assurance from the Secretary of State or from the Director of AID of any plan to correct abuses found in those files of critical reports on the administration of foreign aid around the world, compiled by the Comptroller General of the United States, who is an officer of Congress, and whose job it is to act as a watchdog the expenditure of taxpayers money appropriated by Congress.

Mr. President, the Senate conferees brought back no commitment from anyone—the House or the administration—that gives the American taxpayer any assurance that the maladministration of foreign aid around the world will be corrected.

Therefore, I say with deep regret that I am sorry that the conferees from the Senate receded and surrendered to meaningless semantics used by the House conferees and by the Secretary of State.

Clearly, the administration and the chairman of the Senate Foreign Relations Committee are agreed in their desire to see not only development lending, but all foreign aid, authorized on a long-term basis so that it will not come before Congress every year.

They want to get it away from us. They want to delegate to the executive branch of the Government more and more power for a longer period of time

in connection with the expenditure of taxpayers' money. That is another concrete example of what the senior Senator from Oregon has been warning the Senate about for years, namely, the divestiture of more and more congressional checking power.

American taxpayers have a right to have us take a look at the expenditures of foreign aid funds every year.

While the Senator from Missouri [Mr. SYMINGTON] is in the Chamber, let me say that I have worked shoulder to shoulder with him on various aspects of the foreign aid program, particularly in respect to dealing with foreign bodies, or so-called international monetary bodies on which the United States has representation but no control over even the expenditure of American taxpayer dollars. The American taxpayers put up most of the money, and no other country belonging to any of those international monetary bodies are even beginning to put up the money that the U.S. taxpayers put up. However, we give to those bodies, once we vest them with the power, control over expenditures of American taxpayer money. There is very little we can do then about how the money is spent.

I do not intend to support that kind of foreign assistance program. That is why I have been found to urge a complete overhaul of our foreign assistance program, to see to it that we exercise a greater control and check over the expenditure of taxpayer dollars.

The understanding that the chairman thinks he has, but which he does not have, assumes that the direction and the nature of the long-term program will be an executive creation and not a legislative one.

I am adamantly opposed to future foreign aid that operates the way it does now. Putting the present loose, slipshod, aimless, and pointless aid program into a multiyear authorization will only compound all its existing evils. It is bad enough now; but the administration is somewhat deterred by the knowledge that Congress is going to look at what it is doing every year. Remove that minor check, and the abuses and futility of the aid program will multiply rapidly.

About the only check we have left which causes any concern at the White House or the State Department or the AID administration is the fact that they at least must come to Congress to make a case once a year. If Members of the Senate had exercised the power that has been available to them, to check the White House and the State Department and the AID representatives in respect to the shocking abuse which the Comptroller General has brought out year after year, we would have cleaned up foreign aid years ago.

Foreign aid, adequately and properly administered, is the greatest weapon we have against the spread of communism. Let me make clear what I have said many times in committee and sometimes on the floor, that foreign aid as it is now administered makes Communists around the world. Foreign aid as it is now managed is one of the greatest allies the Communist forces of the world have. When foreign aid is administered in

such a manner as to support corruption in some of the underdeveloped areas of the world—and the Comptroller General has found that it does—when foreign aid is administered as it is in some parts of the world in support of fascist regimes, corrupt regimes, and military juntas, we join in building up communism.

I want a foreign aid program that is based upon the fundamental principle of exporting to underdeveloped areas of the world this unsurpassed system of ours, which we call economic freedom. When we make a people of a country economically free, they become politically free.

I shall always point with some satisfaction to the fact that my major effort in the field of foreign policy in the Senate has been in connection with the Alliance for Progress program, which originally came out of the Subcommittee on Latin American Affairs, of which I have the honor to be the chairman, at a time when the then Senator from Massachusetts, John Fitzgerald Kennedy, was a member of my subcommittee.

That is where the Alliance for Progress program was born. Those of us on the committee had nothing to do with the substance of it, but we made possible the procedure that resulted in the development of a series of studies which we authorized experts in Latin American universities and research foundations and recognized individuals who were authorities on Latin America to bring forth. That series of research studies on the problems of Latin America President Kennedy was able to take when he went to the White House as the format for the enunciation of the great program now attached to his name, known as the Alliance for Progress program.

What is the chief characteristic of the Alliance for Progress program? The exportation of economic freedom to the underdeveloped countries of Latin America. So long as we remain true to that objective, we shall make some progress against communism in the world.

But so long as we misuse foreign aid, so that we aid corrupt administrations, so that we support military juntas that use our military aid to stamp out freedom, we become causative, through foreign aid, of revolutions that play into the hands of communism. Mr. President, when we are long gone, and the history of our time is written, we shall find historians dealing us devastating historical blows, because of our failure to live up to our professed ideals as a democratic nation. We talk a good "game" about freedom, but we frequently fail to practice it abroad—as we have failed for years, in South Vietnam, to practice our ideals of freedom. When history is through with us, it will not be pleasant reading for future generations of American boys, if there is a United States left for anyone to read about, in the generations ahead.

The senior Senator from Oregon is pleading that we return to our ideals, and start practicing them, in the field of foreign aid, instead of following the shoddy and shocking practice of thinking that American money can buy support in corrupt regimes.

Corrupt men will not stay bought. Corrupt regimes will not stay bought.

Therefore, I am asking for a foreign aid program that will be sound because it will be administered on the basis of exporting into the underdeveloped areas of the world economic freedom. No one can ponder the reports of the Comptroller General of the United States and not appreciate the fact that the criticisms I have been making of the existing program are unanswerable.

The statement on behalf of the Senate conferees, though not on my behalf, because I did not sign the conference report, continues in this vein:

On the subject of the Senate's proposal to create a planning committee to examine the basic principles of foreign aid, the Senate receded on the basis of the following factors:

1. The statement of the Conferees of both House urging the President to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries.

Mr. President, the Foreign Relations Committee has for several years given the Senate of the United States that language. Each year, in its report to the Senate, it admits that the foreign aid program needs to be overhauled, and it says to the President, "You ought to do something about about it." It says to the Secretary of State, the Director of AID, and the Secretary of Defense, "You ought to do something about it."

Then it dries its hands on a towel of lethargy, after a handwash, and does nothing itself. In the first place, it is the responsibility of the Foreign Relations Committee of the United States Senate, so far as this body is concerned, and the responsibility of the Senate of the United States itself, to clean up foreign aid, instead of, once a year, sending down to the administration a report which states that foreign aid is in bad shape, something ought to be done about it, and we strongly recommend that it be done before the Administration sends a bill to Congress next year.

That is not even a figurative slap on the wrist. Why should the administration pay any attention to such an admonition from the Senate? From experience, they have every reason to know that the Congress apparently will not do anything about it. That is why I said earlier to the voters of this country, "You must do something about it, unless you want to underwrite the shocking waste of hundreds of millions of dollars that has been going on every year since 1946."

Our total foreign assistance program since 1946 now amounts to more than \$111 billion. Not all of it is grant money. Some represents good, sound loans; and I am for more of them. But their totality is only a small fraction of the \$111 billion. For many years even the so-called loans were at three-quarters of 1 percent interest, with 10 years of grace when they did not have to pay anything, and then 40 to 50 years to repay. In American dollars? Not at all. In the cheap, worthless, soft currency of the underdeveloped country.

Mr. President, that spelled deception to me. That course misled the American taxpayer into thinking that the Congress

of the United States was protecting his interests by making a loan to some underdeveloped country, without even making clear to the American taxpayer that he had no more chance than a snowball in a hot oven of ever getting a dollar of it back in American money.

Billions of dollars in that category have been spent since 1946.

We have made a little progress—not much, but a little. We make dollar loans now instead of soft loans. We go the interest up a little. But even now, we are lending millions of dollars at interest rates less than the cost of the use of the money; which means that even from the standpoint of the interest rate, the American taxpayer is subsidizing foreign governments, and some of them are shocking governments.

Along with this concomitant, of course, are always the sleeper clauses, reserving to the President the authority to determine whether or not it is in the national interest to continue to give away millions of American taxpayers dollars, irrespective of whether or not we are dealing with a corruptionist in Egypt by the name of Nasser, or a corruptionist in Indonesia by the name of Sugarno, or a corruptionist in the Dominican Republic, or corruptionists in many other places in the world.

Mr. President, the present foreign aid program cannot be justified. Some people do not like to hear me talk about moral principles. There are even some who say that principles of morality have no place in foreign policy; that it is all right to justify anything desired to be done in foreign policy, irrespective of whether it is moral or immoral.

I have always repudiated that principle, and I shall always repudiate it. I believe that a government that is immoral, by the example set for its people will govern an immoral people.

There cannot be moral people in an immoral government. We ought to clean up the immoral aspect of foreign aid. We ought to clean up the immoral aspects of American foreign policy.

It is said that that is an argument of subjectivity, for each person has his code of morals. Of course, all of us have a common understanding of what is decent and right.

But no one can read these reports from the Comptroller General and conclude that a moral program is being followed in many phases of American foreign policy, including foreign aid.

So I shall continue to plead for a cleansing of American foreign aid so long as I sit in this body.

Continuing with the quotation from the report of the Senate conferees:

2. The statement of the Secretary of State on the occasion referred to above that, despite its opposition to the creation of the Foreign Aid Planning Committee and certain other related provisions, nevertheless, the administration recognizes the concern of this committee (the Senate Foreign Relations Committee) and the Senate about the future content and direction of the foreign aid program. The Secretary added: "We would be very pleased to assist in any way we could any studies undertaken by the two legislative committees. In addition, the executive branch, prompted by these congressional concerns, will conduct a special

study of the program, giving particular attention to the issues raised by this committee: the number of countries receiving assistance; the requirements for assistance and the prospects for achieving our objectives and terminating assistance; the contribution of other developed countries; and the appropriate relationships between bilateral and multilateral assistance."

Those were assurances, to use the word loosely, upon which the Senate conferees relied.

They are not assurances at all. That mumbo-jumbo has been repeated by the Secretary of State year after year, and by Secretaries of State who preceded the present one. Anything is suggested to avoid the cries for an investigation of foreign aid, such as that which was included in the Morse amendment. The Morse amendment was adopted by the Senate but was dropped in conference. That was how the fear arose. There was not the slightest idea that the Morse amendment had a chance of being adopted by the Senate. Some persons were shocked when it was adopted by the Committee on Foreign Relations.

In my 20 years in the Senate, I have seen lobbies at work, but I have never seen such a lobby at work as the State Department, the foreign aid people, the Defense Department, and the White House carry on in opposition to the Morse amendment to the foreign aid bill.

They knew that if the kind of planning committee called for by the Morse amendment for an investigation and examination of foreign aid were established, the report of that committee would be negative so far as many aspects of existing foreign aid are concerned.

The lobbyists won, but the people lost. The taxpayers are in for another fleecing. The lobbyists won, but good government suffered. The lobbyists won, but once again the Congress receded from its constitutional obligation to maintain its checking functions over the executive branch of Government.

Battles have been lost before in Congress. Some of the great issues before Congress throughout its history suffered defeat; and after defeat for many years, they finally won.

One has to have my confidence that eventually right will prevail in connection with foreign aid. Foreign aid will be cleaned up. Although the White House, the State Department, the Defense Department, and the AID administration think that once more they have won a great victory, I warn them that, in my judgment, through their victory they will learn that they have suffered a great defeat.

Once the people of this country understand what the evidence is against the administration of foreign aid, continuation of which is so strenuously urged by the Johnson administration, they will repudiate the program.

I do not believe that foreign aid of the type we know is needed should suffer the setback it receives in this conference report.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kentucky.

Mr. COOPER. Does the Senator remember that in 1948, at the time of the enactment of the Marshall plan legislation, upon the insistence of Senator Vandenberg, a watchdog committee was established to watch the way in which that legislation was administered, according to the intent of the Congress?

Also, in that same year, as I recall, the House of Representatives appointed a special committee under the chairmanship of Christian Herter to perform the same function.

So there is precedent for the type of overseeing of foreign aid which the Senator is advocating.

Mr. MORSE. I appreciate the comment of the Senator from Kentucky. There is much precedent. Not only was there the commission to which the Senator from Kentucky refers, but in one respect the Hoover Commission, in connection with other administrative problems of the Federal Government, performed a function similar to that which the Morse amendment sought to accomplish in connection with foreign aid.

Mr. COOPER. I should like to speak of a similar committee which I thought would be proper to oversee a foreign aid program. The Senator knows that I have supported the foreign program, but I want it to be an effective program.

But as early as 1961, I said in the Senate that the foreign aid program would come under increasing attack, and properly so, and possibly die unless some organization was established to make a searching inquiry into its operations to determine if it was being used effectively.

In 1962 I proposed an amendment which was adopted by the Senate, but rejected by the House, asking that the President establish an independent committee which would report to Congress, as well as to the President, concerning the actual operations of the foreign aid program in each country which received our aid.

In December 1963 Congress adopted the amendment which I proposed, asking the President to establish an independent committee to make an examination of the foreign aid program in each recipient country, starting with 13 which, at that time, received more than half of the total volume of aid which Congress had provided.

The President established such a committee, this year, with very able membership. I understand that this committee will make an investigation of the program in a number of countries. It is my judgment that, no matter how many investigations and surveys are made of the program as a whole, we shall actually never know the effectiveness of the program until we know how it works in each country.

I assume that the Senator from Oregon holds the same view, because he has on his desk reports of the Comptroller General relating to specific countries. I know that the proposal which I made and which was adopted by the Congress is not exactly in line with that made by the Senator. The Senator's proposal would establish a committee of the Con-

gress. I support his suggestion, and hope that the Congress will adopt it. But I believe that the committee which has been established by the President ought to make a searching inquiry into the operation of foreign aid in each country receiving our aid.

Mr. MORSE. As the Senator from Kentucky knows, I supported his proposal. I would support it again. I was one of the cosponsors. However, I said then and repeat now that that would not relieve Congress from its basic responsibility to carry out its checking functions under our constitutional system.

The job of checking into the foreign aid administration is also a responsibility of Congress. That is why Congress ought to have an investigating or study committee to pursue what its own Comptroller General discovers. These reports are only spot-check surveys. They are not surveys in depth of all foreign aid. The Comptroller General merely warns us in these reports what to watch out for.

Congress has a duty to set up its own investigating committee with an adequate staff to oversee the expenditure of the taxpayers' money under the foreign aid program.

No personalities are involved. Under this system of government, as I used to teach my law students, "We are a government of laws and not of men. But law students should never forget that, although we are a government of laws and not of men, it is a government administered by mere men, with all their human frailties."

We cannot read the Comptroller General reports without seeing those human frailties come to the surface and defeat the objectives that Congress had in mind when it gave support to the various facets of foreign aid.

Mr. COOPER. Mr. President, for at least 11 years, perhaps 12, the United States has made available to the Government of South Vietnam a great volume of assistance and aid, not only military, but also economic aid.

I am commenting on past events, but I do so because my comments have application to the future. If there had been such an independent committee as that proposed by the Senator from Oregon, or the one which I have urged, and which, after 1954, and in succeeding years, had made a full examination of the AID program in South Vietnam, and had found that administrative and social reforms in South Vietnam were necessary—reforms which if the Government of South Vietnam had put them in force, might conceivably have been successful—the United States might have either avoided the situation in which we find ourselves today in Vietnam. We would have been in a position to insist that such reforms be undertaken; and if they were not undertaken and there were no hope of reform, we would have had grounds at that point to leave Vietnam.

This might have happened 4 or 5 years ago. This experience in the situation in Vietnam should lead us to avoid a similar situation in the future. We need

continuing review, supplied by an independent group to supply information to the Congress, whether the foreign aid program in specific countries is effective.

Mr. MORSE. Mr. President, I could not agree with the Senator from Kentucky more. It happens to be my view, too. In my opinion, if Congress had fulfilled its responsibilities of carrying out its checking duties under the Constitution in respect to foreign aid in South Vietnam, American boys would not be dying there at this hour.

I have no intention of letting Members of Congress cleanse themselves of their responsibilities in connection with the development of the undesirable features of the war in South Vietnam.

We cannot pass the buck to the executive branch of the Government. Congress has a responsibility in connection with what has developed in South Vietnam. We have known for years that a great deal of corruption existed throughout South Vietnam, and that much of it was related to our AID program, which now totals more than \$6.5 billion.

The House conferees throughout our meetings objected to the Morse amendment for a Joint Congressional Planning Committee on the ground that foreign aid has been studied to death. But the conferees on both sides were happy, in the end, to recommend another review of the program so long as it was done by the administration again and not by the Congress. It is interesting to note that in its report to the House, the House conferees state their objections to an overall limit on aid, as was adopted in the Senate. Said the House report:

The committees of the Congress as a result of their hearings on the program should be sufficiently informed as to the merits of the various segments of the program to exercise judgment as to the places where cuts are justified. To impose a reduction in the overall ceiling on the total authorization, leaving discretion as to where the cuts will be made, is an abdication of responsibility by the Congress.

Yet when it comes to reviewing the entire purpose and direction of foreign aid, the House conferees are most anxious to abdicate the responsibilities of the Congress and dump the whole matter once again in the lap of the administration. The review called for can be written right now because we all know that it is going to do nothing more than justify and explain existing practices and conditions.

Mr. President, I do not propose to be fooled by the semantics of the report.

The Senator from Alaska [Mr. GRUENING] has just arrived in the Chamber. He and I could go into the anteroom and, in 3 hours, write the report that the Secretary of State and AID will give next year, and there would not be any significant difference between our report and what they will give us. It will be a whitewash job. It will be another exercise in rationalization, trying to cover up the type of mistakes that are piled up on my desk and set out between the covers of the Comptroller General's reports.

Whom do they think they are fooling, Mr. President? They have been fooling

the American people, I regretfully admit. But they are not fooling Members of Congress. Congress knows better. It knows how bad the AID program is, but Congress will not assume its responsibility of cleaning up foreign aid. That is the sad fact, and that is why I had to say with great sadness in my heart that the only answer is at the voting booths of America. I say to the American people that the only answer is for them to write in little crosses on their ballots, because there is only one thing that most politicians understand, and that is ballot box votes. But if the taxpayers let them continue to waste their money by the hundreds of millions of dollars, I say to the voters that they have no one to blame but themselves.

All this conference language does is to go through another exercise of asking the administration to review itself. I say that that is the kind of review that is futile; and I submit it has been done to death. Nothing constructive will come out of a review by the AID administration, the Defense Department, the State Department, or the White House.

The one kind of review that is not futile, and that has not been done, is one wherein Congress not only makes the study but creates the guidelines it finds desirable as the framework for all future foreign aid.

The conference report is a classic example of what is wrong with foreign aid. The Congress is afraid of foreign aid. The Congress is afraid to exercise its legislative duties where foreign aid is concerned. It clutches at whatever straw is offered by any administration, and accepts any feeble language that will look like another review of the program, so long as it is done by somebody other than the Congress itself.

Nor did we hear anything from the Secretary of State that we have not heard before. Of course, State would be glad to cooperate with any study undertaken by the legislative branch, and they recognize the concern of the Foreign Relations Committee about the future content and direction of the foreign aid program. They have recognized our concern for a long time. They have told about it year after year, both in person and in our committee reports. But they are satisfied to have us "concerned" so long as we do not do anything about it.

The concern of the Department of State was with the provision of my amendment that announced that after July 1, 1967, all aid programs in their present form would terminate and would be renewed only under such terms as were fixed by our special planning committee. State, Defense, and AID do not care much what language we put into our committee reports and into our conference reports so long as the words are a substitute for action.

For another example of this, one need only look at what happened to the Senate amendment eliminating economic and military missions in countries where our aid program amounts to less than \$1 million a year. This amendment met one of the continuing objections of the Senate Foreign Relations Committee,

which is the proliferation of aid missions even where the programs are exceedingly small. The conferees agreed to language removing the criterion of a dollar amount and substitution of the old familiar words: "wherever practicable."

Mr. President, what administrative sins those two words cover up. How deceiving are those two words, "wherever practicable." They mean they can do anything they want to do. They mean the granting of unchecked power. They mean surrender to the arbitrary discretion of bureaucrats. They mean walking out on congressional responsibilities and duties.

It is catchy language. The person who does not take the time to study the details of foreign aid, the person who is completely unaware of the evidence that exists against the administration of foreign aid, can be fooled by the language "wherever practicable." It seems to be reasonable, commonsense language. But one must hitch that language to the power that it grants. It means that the officials do not have to follow any guide lines. It means that Congress gives to them discretionary authority. It means that Congress relinquishes its checking responsibility.

So, Mr. President, we say that a reduction of personnel overseas should be undertaken "wherever practicable," especially in the smaller programs."

Everyone is happy with that kind of compromise because it gives Congress some words and it leaves the decisions right where they were before—with the same executive officials who presumably thought it was practical to send those thousands of people into dozens and dozens of countries in the first place.

Mr. President, year after year for many years the Senate Foreign Relations Committee has pointed out to Mr. Bell, the Director of AID, that he is overstaffed in mission after mission abroad. Informant after informant comes back from abroad and advises those of us who serve on the Foreign Relations Committee that "we have so many people in AID missions abroad that they tumble over each other."

Here, we tried to eliminate missions. Note the guideline. We tried to eliminate missions where the aid programs amount to less than \$1 million a year.

We do not need to maintain a mission in those countries. We can provide for limited aid programs through the Embassies, without that overhead. Of course, if we did that, it would not provide for some nice, plush jobs.

The AID representatives have not scratched the surface of the problem of overstaffing. We do not have to go abroad to see that problem. Let me say to Mr. Bell that he could eliminate some of his lobbyists in connection with his AID program and make better representations to Congress than he does with the present number he maintains for lobbying purposes in Washington, D.C.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield for a question?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator

from Oregon yield to the Senator from Alaska?

Mr. MORSE. I yield.

Mr. GRUENING. Can the Senator inform me what happened to the Harris amendment, that excellent amendment which would deny aid to two of the most loathsome dictators who, for many years, have been receiving the benefit of our bounty, and whose every action has been contrary to every basic American principle? The amendment passed the Senate overwhelmingly.

Mr. MORSE. I will answer the Senator's question and then comment on it.

Some moments ago, I pointed out that the Senate conferees receded, surrendered, abdicated, threw in the sponge. They dropped the Harris amendment so far as its objectives were concerned.

Mr. GRUENING. That is a sad story.

Mr. MORSE. We are going ahead now with the presidential escape clause to leave it up to the President.

As every Senator knows, I do not believe in delegating to a President a congressional function. I do not believe in turning over to any President—and I am impersonal about it—a power and an authority which should be exercised by Congress.

The taxpayers of this country sent us to Washington to protect their funds. The Harris amendment sought to bring to an end the expenditure of taxpayers' money to support notorious international corruptionists in two countries. The amendment is entirely gone. The conference committee dropped it entirely.

Mr. GRUENING. It is a depressing spectacle to see the Senate—which, after all, has the constitutional duty to advise and consent on foreign affairs, despite the allegation that it is supposed to be solely a function of the Executive—year after year pointing out these flagrant abuses, but lading out vast sums of money to dictators who oppose every decent policy which we aim to promote. They preach aggression shamelessly, and also practice it and wage war on their peaceful neighbors who are associated with us. Nevertheless, our aid money—which is taxpayers' money—goes to these dictators almost without limit.

The Harris amendment is a reasonable amendment. It was an improvement over the amendment which had been in the bill for 1 or 2 years, which I sponsored and would merely require the President to declare that when countries stopped their aggression, aid could then be resumed to them.

It is depressing. No wonder the public is beginning to resent the foreign aid program. The American people are beginning to wonder how long these abuses are to continue, and how long in our foreign policy we shall continue to betray the principles we profess to proclaim as ours.

Mr. MORSE. The Senator from Alaska knows that I could not agree with him more. I wish the RECORD to show, because the Senator from Alaska is on the floor and the Senator from Oklahoma [Mr. HARRIS] is now in the chair, that I pay high commendation to both Senators.

We remember, 2 years ago, and again last year, that the Senator from Alaska offered amendments, trying to bring to an end the expenditures, under the guise of foreign aid, of American taxpayers' dollars to support corruptionists.

His amendments suffered much the same fate as the amendment offered this year by the Senator from Oklahoma [Mr. HARRIS].

Interesting, is it not?

It is interesting that the Morse amendment was adopted in the Senate. The Senate also adopted the Harris amendment. There was general agreement as to the soundness of those amendments, but the Senate conferees surrendered in respect to those amendments.

I do not know how much harder we can fight to try to clean up the foreign aid bill, but I say to the Senator from Alaska, Do not give up hope, and do not stop fighting. We shall have to take them on again next year, and if necessary every year, until finally the American people, in sufficient numbers, wake up to the fact that they are being fleeced and hoodwinked by the shocking and wasteful program of foreign aid as it is now administered, when it should be made into a good program which would strengthen the cause of freedom around the world.

Oh, what a weapon we are throwing away.

We could do more good to strengthen the cause of freedom around the world by the exportation of economic freedom than we can ever do by the exportation of jet bombers.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield further?

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Oregon yield to the Senator from Alaska?

Mr. MORSE. I yield.

Mr. GRUENING. I should like to ask the Senator, as a member of the Foreign Relations Committee, whether he has received any information from the State Department, during the briefings which are carried on before that committee from time to time, as to any efforts being made to secure compensation to their families from the Nasser government for the lives of the two pilots who flew the unarmed plane which was shot down?

Mr. MORSE. It is perfectly obvious that it should be treated by a U.S. Senator as a taboo subject. A Senator must not disrupt the political waters of the administration. That would be throwing stones, if he were to raise such a question. However, some Senators have raised such question. But we get no satisfactory answers from the administration.

Mr. GRUENING. Has the Senator any information as to any compensation, or act of contrition, or indication of any change of policy which has been forthcoming from Nasser?

Mr. MORSE. None.

Mr. GRUENING. As a result of the burning of the Kennedy Library?

Mr. MORSE. None.

Mr. GRUENING. Is there any provision in the current AID program to rebuild that library and restock it, and make it ready for the next burning?

Mr. MORSE. That will be done.

Mr. GRUENING. Has the Senator any information as to how much longer the war of aggression in Yemen, a war to which the United States is opposed, is to continue? Of course, the United States is opposed to any aggression, we are told.

Mr. MORSE. In Yemen.

Mr. GRUENING. We are fighting a large war in southeast Asia allegedly because we oppose aggression. Is the Senator aware of any corresponding efforts we have made to stop aggression by Nasser in Yemen?

Mr. MORSE. No.

Mr. GRUENING. Nasser has 50,000 troops there, and they will have been there next month for a period of 3 years, at an estimated cost of half a million dollars a day. Meanwhile our dollars are continuing to support Nasser.

Mr. MORSE. Nothing effective has been done. Thousands of people have been killed in the Yemen war. Today the press, as the Senator knows, carries stories to the effect that Nasser is going over to talk to King Faisal, but he cannot wash his bloody hands clean by any belated attempt to arrive at some kind of deal in regard to Yemen.

That is another war which should have been taken to the United Nations a long time ago, just as the undeclared and therefore unconstitutional war of the United States in southeast Asia should have been taken to the United Nations a long time ago.

Our contribution in regard to the United Nations authority under the charter is to send our new Ambassador to the Secretary General of the United Nations with a letter, in which we state that we are perfectly willing to get any help we can from the United Nations.

That is fooling the American people.

I listened to Rusk and Bundy and Goldberg on the CBS television program last night. I was shocked by the misinformation those three gentlemen gave to the American people on that program. Why do they not read to the American people the Geneva accords? Why do they not read to the American people the controlling section of the United Nations Charter? It is because Goldberg and Rusk and Bundy cannot read those sections and support the alibis and rationalizations they set forth in the telecast last night.

Goldberg should have been sent by the President of the United States to the Security Council of the United Nations with a letter or a formal resolution, laying the threat to the peace to the world in Asia before the Security Council.

What have we done? We have undermined and undercut and damaged the United Nations by walking out on our responsibilities as Senators.

In the first part of next week I shall answer the Ambassador to the United Nations in regard to the proposal he made before the Security Council in connection with article 17 and article 19.

What is the United States afraid of? Is it afraid of a vote against us in the General Assembly? Shame on this administration. Instead of forcing that vote we welched before the United Nations.

We surrendered.

We should have put Russia and France on the spot in respect to article 19 and article 17 of the United Nations Charter.

As the Senator from Alaska knows, the senior Senator from Oregon led the fight against the first rumblings of this shocking proposal last year, on the floor of the Senate, and Senator after Senator in the Senate stood up and supported the senior Senator from Oregon. They are remarkably silent today.

Let the new Ambassador to the United Nations do what I have suggested. The other day in the Foreign Relations Committee I stood all alone in opposition to his proposal. Senator after Senator on the Foreign Relations Committee said that the senior Senator from Oregon was correct as a matter of principle, but that my great fallacy was that I was not pragmatic.

That is their "out," that is their escape hatch, when they cannot answer me on principle; they say, "You are not pragmatic." When my country surrenders on principle, as Ambassador Goldberg surrendered on principle before the Security Council the other day, my country walks out on its ideals and will have to assume the responsibility of striking a body blow against the Charter of the United Nations.

What would the senior Senator from Oregon do? That is the question that is asked of me, and that is the question that is supposed to floor me. My answer is: Take a vote; exercise the procedures of the charter. We ought to find out how many members of the United Nations want to reject the advisory opinion of the World Court.

We talk about supporting the rule of law. I say to the Senator from Alaska that we have had a determination of what the rule of law is in regard to article XVII and article XIX of the charter. The World Court gave the United Nations an advisory opinion. Of course, it is only an advisory opinion. However, let us not forget that at that time a majority of the members of the United Nations supported it. Now we are told by the new Ambassador to the United Nations that we do not have a majority vote available.

We do not have a two-thirds majority, at least, and probably not even a majority, we are told. Why do we not find out? Why adopt a course of expediency? Following the rule of law is the same responsibility the Ambassador of the United States to the United Nations has that was his responsibility when he sat on the Supreme Court. There he did a magnificent job. I still think he was one of the greatest judges we have ever had. He is an Ambassador now, and feels that he must follow instructions. He does not sit as an independent judge. That is why I am so sad to find him in that position. We should have stood for our principles. We should have said we want to find out whether a majority of the United Nations, in respect to the operative facts of this particular issue, will follow the rule of law instead of adopting the course of expediency that the administration has adopted in regard to article XIX of the United Nations Charter.

Mr. HARRIS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HARRIS. I thank the distinguished Senator from Oregon for yielding to me. I intend to join him—and I hope there will be other Senators—in voting against the conference report on foreign aid. In doing so I am not rejecting the position of the Senate conferees and of the Senate. By voting against the conference report, I am voting to sustain the Senate.

By a vote of 73 to 13, as the distinguished Senator from Oregon knows, the Senate adopted my amendment prohibiting aid to Sukarno and Nasser “so long as they continue to commit aggression.”

I appreciate the generous comments made by the distinguished Senator from Oregon and the distinguished Senator from Alaska [Mr. GRUENING] concerning my amendment. The conference report deletes the amendment.

I shall vote against the conference report because I am in favor of the Senate's position on it.

The Senate also had adopted a committee amendment to the bill which provided for a 2-year cutoff and a complete review and revamping of the entire foreign aid program. I was strongly in favor of this amendment. I still am. I shall vote against the conference report, which deletes that amendment from the bill.

There are portions of the bill I dislike opposing, but I cannot in good conscience vote for a bill in which virtually all the positions of the Senate have been lost.

Under the Constitution, the Senate has especial responsibility in the field of foreign relations. We cannot shirk that responsibility. We cannot pass the buck, so to speak, to the House. We cannot delegate that power to the executive department. As the bill does not, in my judgment, represent the proper constitutional acceptance of responsibility by the Senate, my vote will not help enact it into law.

I thank the Senator.

Mr. MORSE. Mr. President, I say to the Senator from Oklahoma, as he knows, that I completely agree with his observations and conclusions. I am proud to associate myself with him. I believe that, as the years go by, he and his descendants will be proud of the voting record that he will leave when he votes against the conference report. I congratulate him.

Before the comments by the Senator from Alaska and the Senator from Oklahoma, I had stated, in speaking about the compromise that the conference report represents, that everyone is happy with that kind of compromise because it gives Congress some words and it leaves the decisions where they were before—with the same executive officials who presumably thought it was practical to send thousands of people into dozens and dozens of countries in the first place.

In my judgment there should be a great reduction in the personnel in foreign aid. It is a gross understatement to say that in my judgment the person-

nel in foreign aid could be cut by 25 percent, and we would still have a better aid program after the cut was made.

But Congress has abdicated its powers and its authority in this instance again. We have reduced ourselves, through language of the kind that runs through this report, to an advisory board on foreign aid. We tell the agencies what we would like them to do, if they find it convenient and practical. But we are afraid to lay down a guideline even to the extent of saying that if an aid program does not run over \$1 million in a given country, then handle it through the regular embassy staff and do not create additional economic or military missions.

The Congress is afraid to do even that. It is why we are going nowhere in the effort to curtail the waste and abuses in the program uncovered by the General Accounting Office and reported so frequently in the press.

Of the amendment that was attached to this bill by the Foreign Relations Committee and accepted by the Senate, Senator FULBRIGHT had this to say in his statement:

I regret that the Senate conferees were not able to prevail upon their House counterparts to accept this year the provisions of the so-called Morse amendment. That amendment would immediately have inaugurated a much needed review of the program. It provided clear mandate as to the desirability of interrupting aid continuity in its present form. The series of basic principles set forth in that amendment went to the heart of the proliferation of country programs without tying these programs to principles by which we might have promoted a tightened definition of the national interest.

This amendment provided the opportunity for the Congress to establish a foreign aid program in which it and the country can have confidence. The loss of the Morse amendment means that the only kind of review the taxpayers can expect will be another executive review. They deserve more than that. They are entitled to have their elected representatives in Congress carry out the job we are here for, and that does not mean turning our duties and functions and responsibilities over to the executive branch.

By junking the Morse amendment, the conferees lost their opportunity to correct the conditions in the aid program which led the Comptroller General to call it the most wasteful civil program in the Federal Government. Senator CLARK engaged in a colloquy with Mr. Campbell, the Comptroller General, during the course of the hearings that brought out that startling testimony. Senator CLARK asked him:

I am wondering if you could give us your view as to whether the administration of this AID agency is any worse than the others you audit in terms of waste or inadequate handling of the money which is appropriated to this agency?

And the answer was:

As far as I know, let us put defense agencies aside, in the civil area, in which the economic assistance program would logically fall. I don't think that you can compare the problem of waste in other agencies with the problem in AID.

Senator CLARK. I am not quite sure I know what you mean when you say “you can't compare.” Do you mean AID is so much worse?

Mr. CAMPBELL. I think the AID problem of waste is greater than it is in any other civil agency.

I repeat his answer. Mr. Campbell said:

I think the AID problem of waste is greater than it is in any other civil agency.

Continuing to read—

Senator CLARK. Do you mean any other civil agency that you audit?

Mr. CAMPBELL. We see them all, with the exception of a very few which are exempt from our surveillance.

Senator CLARK. How about USIA?

Mr. CAMPBELL. That would generally be comparable to the State Department's problem, as contrasted with AID's problem.

Senator CLARK. You would say, of course, there is an enormous State Department establishment overseas outside of AID. Would it be your opinion that the waste in AID would be substantially greater than the regular State Department activities?

Mr. CAMPBELL. I am not so sure. I think that from where I sit, the reports coming to me would indicate that the percentage of saving of waste is greater than it is in the State Department proper.

Senator CLARK. Well, they have more money to spend.

Mr. CAMPBELL. There would be more money to spend.

Senator CLARK. I am not trying to press you for an answer you are unwilling to give.

Mr. CAMPBELL. No, but—

Senator CLARK. This program has been in the doghouse of the Congress for goodness knows how long. It is awfully easy for individuals to whom the program is unpopular to talk in generalities about waste and inefficiency and ineffective personnel. I am asking for a specific answer to a question which may not be susceptible to a specific answer. In your opinion, is this an agency that is badly run and which Congress—

Mr. CAMPBELL. I am glad you said it that way, Senator, because we are talking about waste. You might also be talking about an agency that is well run and in which there could be substantial waste.

Senator CLARK. That is true.

Mr. CAMPBELL. Because by the nature of its activity—

Senator CLARK. And because of the individuals with whom they must deal; take the Philippine situation.

Mr. CAMPBELL (continuing). Waste is a fundamental part of it. It may well be. But I say that the AID program is in a class by itself with respect to prospect waste.

Senator CLARK. Is this not equally true of the defense program overseas?

Mr. STOVALL. —

Mr. Stovall, let the record show, is assistant to Mr. Campbell.

Mr. STOVALL. Except the defense purposes seem to be a little more definable.

Senator CASE. You mean not military assistance?

Senator CLARK. I am not talking about defense support. I am talking about the actual deployment of American troops overseas with all the attendant problems which that raises and which are not so very different from the problems which affect AID. I am seeking an answer from you as to whether you think the Defense Department and the military do a better job in eliminating waste and running an efficient shop than AID does. That is a value judgment.

Mr. CAMPBELL. In my judgment I would say the military does a better job.

Mr. President, the record is full of such negative findings by the Comptroller General of the United States. And who is he? He is our agent. He is our officer. His office was created by an act of Con-

gress to serve as the congressional watchdog of the expenditure of the taxpayers' funds.

According to our own Comptroller General, AID is not only the most wasteful civil program, but even more wasteful than our military programs. Yet Congress, in face of this testimony, still finds it possible to shove the whole subject under the rug for another year.

It is no wonder that Senator HICKENLOOPER was moved to point out the real reason behind the great public dissatisfaction with foreign aid. He commented to Mr. Campbell:

I see no reason whatsoever why administration, from the top of this Agency down, couldn't lay down very rigid specifications which require the holding to account of individual and local administrators of the program to see that they make sure—for instance, in this surplus property that is available that could be used rather than buying new property—that there is no surplus property in these depots or anything else that could be substituted already owned by the Government.

I have maintained for a long time that if people on the ground in a lot of these foreign countries have a Federal checkbook with any kind of leeway, or if they can get away with it, it is a lot easier to write a Federal check than it is to go out and do a little work and turn up substitutes or see that these countries do what they are supposed to do in return for the receipt of American aid and American property. It makes it very difficult for a great many of us, I am sure, who don't want to see the AID program completely eliminated, who believe it has a place and who believe there is a responsibility. But one has to be increasingly apologetic for this AID program because of these deficiencies that show up year after year and don't seem to be corrected. That is one of the reasons why on the floor of the Senate and over on the floor of the House the resistance to these aid programs is increasing. It is going to keep increasing if the administration of this program doesn't show more evidence of efficiency of results or a greater percentage of results for the money we put in. And it is going to have increasing difficulty.

I thoroughly agree with the Senator from Iowa. The Senator from Iowa has been making those comments for many years. A majority of the members of the Committee on Foreign Relations have been making similar comments, or at least issuing similar warnings, to the administration in the committee's annual report to the Senate on the foreign aid bill. My quarrel with my colleagues on the Committee on Foreign Relations is that they ought to stop passing the buck on this issue to the executive branch of the Government. They ought to conduct their own investigation through the committee, if they cannot have the type of commission that was contemplated in the Morse amendment included in the conference report.

AID is the worst of all Federal programs, including the military, and Congress has a responsibility to clean it up. I have on my desk reports from the Comptroller General setting forth many findings of inefficiency, waste, and causes of corruption around the world, resulting from our foreign aid program. The reports that are bordered in red have marked on them "Secret. Report to the Congress of the United States by the

Comptroller General of the United States." I have previously referred to these reports in my speeches in the Senate each year in opposition to the foreign aid program as it is presently administered.

I have not found a single one of the so-called "secret" documents that should be concealed from the American people. The taxpayers pay the bill for the items that are covered by these reports. I believe that in a democracy it is safer to disclose the public business than to conceal it. Every foreign country or government that participates in the American aid program ought to be taught that lesson of democracy. It ought to understand that in a democracy the legislators and the executive branch of the Government conduct the public's business in the public's interest, or are supposed to do so, with full public disclosure of their transactions. When a foreign country gets money from this country, it subjects itself to certain of our procedures—that ought to be our policy. It does not have to have Comptroller General investigators making these reports if it declines to participate in the AID program. But if it does participate, the findings of the Comptroller General should be public.

Someone may ask, "Do you not believe there are things that should be kept from the American people?" My response is that nothing should be kept from the American people that it is safe to give them from the standpoint of the security of our Republic; and there is nothing in these reports, in my judgment, that it would not be perfectly safe, from the standpoint of the security of our Republic, to give to the American people.

Let me emphasize that the Comptroller General has not asked for the label of secrecy. To the contrary, he has stated to the Committee on Foreign Relations that he is not responsible for the label of secrecy on these reports. That label is attached to them by the executive branch of the Government.

I shall not dwell on this subject at length today, although I have in the past, as Senators know, given full, lengthy speeches on the subject of this one precious safeguard of freedom and liberty of the American people that is being weakened more and more, year by year, as our Government develops a greater and greater trend toward Government by executive supremacy.

In my judgment, we cannot read the Comptroller General's reports and his testimony that aid is the most wasteful program in the Federal Government, and not recognize that foreign aid must be cleaned up. Sweeping reforms must be adopted if the public interest is to be protected. These reports and this testimony were submitted to the Foreign Relations Committee. It proposed a remedy that was approved by the Senate. But in conference the proposal was sacrificed entirely.

In the past, I have read some of the titles; but I do not know of a more powerful argument that I could make against the conference report and the failure of the Senate conferees to insist, if they had to sit until doomsday, on a conference report that would put into effect the ob-

jectives of the Fulbright amendment and the Morse amendment, than merely to read the titles of the Comptroller General's reports. No rule is breached, and no security protection is violated, by reading the titles of the reports. I may not open them to read the contents, but one has only to listen to the titles to have some understanding of the implications of the contents between the pages. I shall read for the RECORD, the titles of the reports from the Comptroller General:

Review of Payments Made by the United States for the Construction of Airfields in France.

One who reads the report learns of the shocking waste of taxpayers' money in connection with airfields in France. I can bear witness to some of the waste, because before I was placed on the Committee on Foreign Relations, I served on the Committee on Armed Services. When he was a Senator from Texas and chairman of a subcommittee of the Committee on Armed Services on which I had the privilege to serve with him, the present President of the United States said many times, both on the floor of the Senate and on public platforms, including some in my own State, that he and the Senator from Oregon never voted differently on a single issue before the famous Johnson subcommittee, which dealt with investigations of waste in connection with the military.

The President does not support waste. As chairman of that subcommittee, he made a notable record in trying to clean up waste in the military.

In my capacity as a member of that subcommittee, and at the request of the then Senator from Texas, now the President of the United States, I was sent by the subcommittee, together with the Senator from Louisiana [Mr. LONG], the present whip of the Senate, to inspect American military installations and the installations of other countries that had been largely financed by American taxpayer dollars in Europe, the Middle East, and Turkey.

When we returned, we filed two reports. We were allowed to file a public report, which, I am sorry to say, dealt with generalities; but even the implications indicated that we had found some shocking examples of waste.

Then we filed with the Committee on Armed Services a secret report, which the chairman of the subcommittee, then a Senator from Texas, now the President of the United States, put to effective use, and about which I have heard him make favorable comment many times while he was serving in the Senate.

The first report that I happened to turn to refreshes my memory in regard to that trip to France. This report deals with a review of the payments made by the United States for the construction of airfields in France.

The French authorities wasted millions of dollars. They took us for an economic ride. The Senator from Louisiana [Mr. LONG] and the senior Senator from Oregon stood, for example, on one airbase in France on which an American fighter plane had never been landed because it was not safe to land

an American fighter plane on that airfield. The airfield was poorly constructed, and the French Government insisted that the matter of construction should be left to their entire determination.

The Senator from Louisiana and the senior Senator from Oregon stood on that air base, and we walked great distances on that airbase, kicking out, with the toes of our shoes, stones as large as hen eggs. That is why American fighter planes could not be landed on that base. It was unusable as an airbase.

What did we do? We provided them with more money to resurface it to a much greater depth so that the base could be used. There was inexcusable waste.

That is why I came back not very enthusiastic about the administration of NATO in 1950 and 1961. I made some speeches expressing my dissatisfaction with the administration of NATO. I became dissatisfied with the administration of NATO. Although it was not controlling, it contributed to a decision which I made in 1952 when I exercised an honest independence of judgment and left the Republican Party because I could not give support to what I was satisfied had become a very unsound administration. And how right I was. How well I recognize the background of that report of the Comptroller General.

The next report of the Comptroller General which I picked up is marked "Confidential." It is subject to the same rules of privilege so far as concerns disclosure of the contents between the covers. However, it does not prevent my reading the title. The title is: "Review of the Utilization and Maintenance of Army Equipment Furnished Under the Military Assistance Program for Thailand." This report is dated August 1962. Senators can go to the committee room and read the report.

Mr. DODD. Mr. President, where can it be read?

Mr. MORSE. In the Foreign Relations Committee Room.

Mr. DODD. How long would it take to read the document? Suppose I were to go down and read these documents; how long would it take?

Mr. MORSE. Knowing the remarkable reading ability of the Senator from Connecticut, I am sure that he could read that report in 30 minutes.

Mr. DODD. Why can we not, as members of the Committee on Foreign Relations, be trusted to take confidential documents to our offices and read them after the Senate has adjourned?

I do it in other committees.

I handle many classified documents every day.

Why should we not be able to do that in this case?

Mr. MORSE. Mr. President, as the Senator knows, he and I are of one mind with regard to that committee rule of procedure.

We ought to be able to take them to our offices. If U.S. Senators cannot be trusted to take a secret document out of the committee room to their offices to read them, we have come to a pretty sorry pass in this system of representative government.

Who reads the documents downtown? Mr. DODD. I do not know.

Mr. MORSE. The documents are read by bureaucrats, staff members who never face the ballot, but they have access to top secrets of the Government. However, we cannot have a trusted administrative assistant help us. We have administrative assistants whom we would be willing to put to the same security test that any bureaucrat downtown has to take. These assistants are available to help us analyze the secret documents.

One of the many things wrong with us, in the Senate, is that we will not appropriate the money to supply ourselves with the assistance that we need to do the research job essential to protecting the public interest in carrying out our checking responsibility against the executive branch of the Government. We will not adopt the procedural rules that we ought to adopt so that we can do the job that the public thinks we are doing, but which our rules and policies and lack of staff prevent us from doing.

I have talked with many constituent groups. When they find out that we have a rule such as this and that we are so parsimonious that we will not supply ourselves with the research staff that we need to do the job, they reply, "That is not the kind of economy, if you want to call it economy, that we expect Senators to effectuate. We are not objecting to your appropriating enough money to protect the public interest."

The question of the Senator from Connecticut raises a question of great interest to me in regard to the procedures of the Senate. The Senator has put his finger on one of the shortcomings of the Senate.

Mr. DODD. Mr. President, I do not wish to interrupt the Senator further, but this is an important matter.

I have been criticized for not having read the minutes of some executive sessions. Most of them contain top secret information and information of a confidential nature which would require that I sit there for hours at a time when the Senate and the committees of the Senate are in session.

I do my reading, as I assume most Senators do, after the Senate session, almost every night. I cannot keep up with the work of three Senate committees and the chairmanship of two important subcommittees without doing this.

It is little enough to ask that the reports be made available so that Senators can read them after hours and thus keep up with this important information.

Mr. MORSE. I completely agree. There is not a Senator's administrative assistant that I would not be willing to trust with the reports of the Foreign Relations Committee. I do not know how they expect us to do our job unless we have at least that procedural latitude.

The next report is dated September 1963, and the title is "Ineffective Programming, Delivery, and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force Under the Military Assistance Program."

That tells us a great deal. But, if we read between the covers we learn much more. We cannot support a foreign aid

program which practices the waste that a report such as this brings out.

That is why this conference report should be defeated. It is not going to be, but it ought to be.

Let me read the next one: "Inadequate Administration of Military Budget Support Funds Provided to Pakistan Under the Foreign Assistance Program"—September 1963.

Let Senators read it and try to justify in their own consciences a vote for this conference report.

I read the next one. These are reports by our own watchdog, I say to Senators. These are reports by our own congressional officer. These are reports by one of the most dedicated and most able public servants that I have had the privilege of coming to know in my two decades of service in the Senate of the United States.

I do not intend to ignore the findings of the Comptroller General of the United States.

I noticed stories in the press today as to whether or not we should start filling up the funnel to Pakistan again, in spite of the fact that we equipped Pakistan and India with hundreds of millions of dollars of military aid, and put them in a position so they could threaten the peace of the world by a war between themselves, each side fully equipped with American military equipment.

Mr. President, that would be a nice problem of morality to be placed before an American university graduate seminar on philosophy. The sad part is that the United States would fail most graduate seminars in philosophy when it comes to passing judgment on the morality of our foreign policy in many of its aspects. We cannot possibly justify the American aid we have been giving Pakistan, India, Greece, and Turkey. But that question goes into the substantive issue of whether we ought to do it as a matter of public policy. I am raising at this time the question of the waste entailed in these programs.

Here is a report for July 1963, "Ineffective Maintenance and Utilization of Equipment Furnished to Iran Under the Military Assistance Program."

Next, one of July 1963, another report of "Inadequate Administration of Military Budget Support Funds Provided to Iran Under the Foreign Assistance Program."

Those are two different programs within the foreign aid program.

One of May 1963, "Ineffective Programming, Delivery, and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force under the Military Assistance Program."

May 1963, "Ineffective Programming, Delivery and Utilization of Aircraft and Related Equipment," also involving Portugal.

February 1963, "Review of License Fees Being Charged U.S. Government for the Right To Produce SS-11 Antitank Guided Missile Mutually Developed by France and United States."

We participated in a joint program, and then we have to buy a license fee. If they can find any way of weaseling

any more money out of us, they will weasel.

The next one, "Review of the Programming, Delivery and Utilization of Selected Missile System Equipment Delivered to European Countries Under the Military Assistance Program."

Another one involving waste in connection with the military program in France.

Another one, "Review of the Programming, Delivery and Utilization of Selected Missile System Equipment for delivery to European countries."

The next one, "Review of the Military Assistance Program for a Far East Country, Department of Defense, 1964."

The name of the country is not put on the title, so I cannot name it, but it represents more shocking waste.

Another one, "Review of Military Assistance Program for a Far East Country, Department of Defense."

Next, "Deficiencies in the Military Assistance Program for the Spanish Army, Department of Defense."

Next is a duplicate.

June 1964, "Deficiencies in the Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile, Agency for International Development, Department of State."

Why should that be secret? Why should any of them be secret?

Next, "Review of the Military Assistance Program for Indonesia."

As the Senator from Alaska [Mr. GRUENING] and the Senator from Oklahoma [Mr. HARRIS] pointed out, Sukarno should not be getting any dollars. Every dollar we have been providing him has been wasteful in one sense, but it has been inexcusable from the standpoint of national interests.

The next one is a duplicate.

Next, "Furnishing of Military Assistance to Ethiopia in Excess of the Country's Ability to Effectively Utilize the Equipment," May 1964.

Next, "Furnishing of Military Assistance to Ethiopia."

Next, "Inefficient Utilization of Personnel To Administer the Military Assistance Program in Advanced Western European Countries," March 1964.

Another, March 1964, "Unnecessary or Premature Procurement of Sidewinder Missile Training System for Delivery to Foreign Countries Under the Military Assistance Program."

The next one is a duplicate.

Next, "Excessive Charges for Leased Telephone Services Incurred by U.S. Forces in Japan."

"Development, Procurement and Development of Unsatisfactory Missile System by Department of the Army."

"Inefficient Utilization of Personnel to Administer the Military Assistance Program in Advanced Western European Countries—March 1964."

"Review of Economic Assistance Provided to the Republic of the Philippines for Development Purposes—AID—Department of State."

When we read that, we run into documentation which shows the kind of waste in the Philippines of which the foreign aid program has been guilty.

Next, "Inadequate Planning, Programming and Contracting for a Fixed Communications System for the Government of Indonesia Under Military Assistance Program—April 1965."

"March 1965, Waste Funds and Construction Depot in Iran under the Military Assistance Program."

"February 1965, Unnecessary Dollar Grants to Iran under Foreign Assistance Program—AID—Department of State."

Next, "Reports on Review of Military Assistance Provided the Republic of the Philippines."

This is more evidence of waste in our program there.

Next, "February 1965, Ineffective and Overly Costly Aspect of Military and Economic Assistance Program to Thailand."

"Inadequate Consideration Given Utilizing Reserve Fleet Ships in Lieu of Providing New Ships to Iran."

The last of the secret reports which I have before me is entitled "Inadequate Consideration Given to Utilizing Reserve Fleet Ships."

Mr. President, these are not all the secret reports, but these are plenty, so far as secret documents are concerned, to support my premise that we should insist that foreign aid is cleaned up, and not pass the buck to the State Department, the Defense Department, the AID representatives, or the White House.

That is our job. We were elected to perform that job. We cannot shuffle it off on someone else. We should appoint our own investigating committee. We should provide it with funds for the employment of the necessary staff. It would be a drop in the bucket in comparison with the hundreds of millions of dollars which the reforms I am convinced could be brought about by such an investigation would save the American taxpayer.

Now we go into some of the reports of the Comptroller General, dealing with the economic features of foreign aid.

For the most part, I have stressed—although a couple of them marked "secret" got into economics—the reports on military aid.

Here is one for October 1962, entitled "Review of Administration and Utilization of U.S.-Owned Foreign Currencies in Selected Countries."

That brings up the soft currency issue which has been debated in the Senate for years.

Their banks are bulking with U.S.-owned soft currency. We cannot spend it, unless we get the consent of the government. We cannot even use it to pay service charges in some of these countries.

Although most of the members of the Foreign Relations Committee know about this, I wish to let the Senate in on a procedure which I worked out some years ago when I represented the Senate at the Interparliamentary Conference of the British Commonwealth of Nations in New Delhi, India.

At that time I noticed, as I went around, that in our consulates and Embassies our Ministers were short of

the necessary funds called—as all Senators know—representation funds.

When I reached Madras, India, I found that our council general there had used up his representation funds for some months and was paying out of his own pocket the necessary funds to some of his attachés, particularly his agricultural attaché, who needed money to perform his agricultural attaché work in the villages in that area in India.

The supreme court of that province in India wished to have a luncheon because of the presence of the American delegation. It was to be quite a state affair, but, of course, it would be paid for by our consul general, which he was willing to do.

As a Senator, I had the authority to draw on those funds owned by the United States, although they were Indian funds, and no one could stop me. Therefore, I requested the finance officer of the ministry to draw the funds in the amount necessary to pay for this official luncheon.

When I returned to the United States, I reported the incident, and it will be found in the records of the Foreign Relations Committee. I told the committee that it should know what I had done, and I made an accounting of it.

That procedure set a precedent. I was told that was the first time it had ever happened.

Why not? At least, I made a tiny dent in our foreign currency funds in India. We should do more of it.

We cannot read this report without having a good idea of the soundness of the observation that I am making, that we should make clear to those countries that the representation funds should not be in their control but in ours. For that matter, we have now reached the point where more and more of our surplus food should be sold on the basis of American dollars, to be paid for on the basis of American dollars.

I recognize that a certain amount of grant programming will still have to be done—such as food for the starving medical programs—and some educational programs. I have never been parsimonious about it.

But, where a project has a sound economic potential, it is essential, in my judgment, to lend dollars to build the project, with the full understanding that the loan will be repaid in dollars.

I am willing to provide long-term loans for goods or food. I am willing to allow a low-interest rate, but not an interest rate lower than the cost of the use of the money. The American taxpayer is entitled to get his money back by way of an interest rate for the cost of the use of his money. We should teach beneficiary countries that that is a part of a sound private enterprise system upon which their economic freedom is dependent.

The next document is entitled "Examination of Economic, Technical Assistance Program for Korea—September 1962—Part II."

The next one is part I of the same report.

The next is "Inadequate Controls for Determining Compliance by Foreign

Governments With Restrictions Placed on the Disposition of Agricultural Commodities Made Available Under Title I, Agricultural Trade Development and Assistance Act of 1954"—commonly known as Public Law 480, Department of Agriculture.

Mr. President, the whole of Public Law 480 needs to be surveyed. Certainly, it is not a "sacred cow." The food-for-peace program and the Public Law 480 program should be subject to scrutiny. If we check them, we shall find a great deal of waste in them. My amendment would have done that.

Next, "Review of Economic Aspect of Loan for Construction of Water Supply System in Saigon, Vietnam—Development Loan Fund—September 1963."

"Unnecessary Payment by United States of Costs Properly Chargeable to Japan for Administrative and Related Expenses of the Military Assistance Program for Japan—June 1963."

"May 1963: Excessive Costs Incurred for Rehabilitating to Original Appearance and Service of Military Equipment Donated to Foreign Nations Under the Military Assistance Programs."

We decorate it for them and give it to them.

What suckers have been made out of the American taxpayers.

Next: "Review of Local Currency for the Budget Support Program for Korea—January 1963."

"Follow-Up Review of the Department of Defense Action on Reimbursements from Foreign Countries for Administrative Expenses Under the Military Assistance Program—March 1964."

"Improper Payment of Colombian Port Charges for Surplus Agricultural Commodities Sold Under Title I of the Agricultural Development Assistance Act of 1954, Commonly Known as Public Law 480—November 1964."

"November 1964: Loss of Interest on U.S.-Owned Foreign Currencies in the Republic of China, Taiwan."

October 1964: "Excessive Ocean Transportation Costs Incurred for Shipments Under Title I of the Agricultural Development and Assistance Act, 1954."

September 1964: "Summary of Deficiencies Related to the Inadequate Administration of Military Budget Support Price Provided to Certain Foreign Countries Under the Foreign Aid Act."

September 1964: "Additional Interest Cost to the United States Because of Premature Release of Funds to the Social Progress Trust Fund Administered by the Inter-American Development Bank."

August 1964: "Improper Reduction of Dollar Collection Loans Made by the Corporate Development Loan Fund."

August 1964: "Follow-up Review of the Department of Defense Action in Canceling Excessive Procurement and Redistribution in Connection With the Spare Parts Program for Portugal Under the Military Assistance Program."

July 1964: "Review of the Administration of Assistance for Financing Commercial Imports and Other Financial Elements Under the Economic Technical Assistance Program for Vietnam, 1958 to 1962."

All those corrupt puppets of ours have lived well in Saigon. Wait until the American people find out the shocking waste and corruption that our foreign aid has helped develop in Saigon, and in South Vietnam generally, in which nothing has been done about freedom since the United States set up its first puppet in 1954. Our administration talks about saving freedom in South Vietnam. Neither the South Vietnamese nor the Vietcong seem to know what real freedom means.

"Undercollections of Interest and Principal of Foreign Aid Currency on Certain Loans to Foreign Governments"—July 1964.

July 1964: "Unofficial Use and Overstated Needs of Commercial Type Vehicles by the Military Assistance Advisory Group Headquarters in Taipei, Republic of China."

July 1964: "Review of Certain Payments Related to Administration of Economic and Technical Assistance Program for Vietnam."

July 1964: "Examination of Economic and Technical Assistance Programs of Turkey."

I have said earlier that many millions of dollars of taxpayer money have been wasted in Turkey.

June 1964: "Deficiencies in the Administration of Earthquake Reconstruction Rehabilitation Program in Chile."

That is a much bigger volume than the previous one.

June 1964: "Ineffective Administration of U.S. Assistance to Children's Hospital in Poland." We must watch out as we examine foreign aid and as we come across a program that has a heart-appealing title, like a children's hospital in Poland. Everyone looks the other way when it comes to a matter of waste. The best way to serve those little boys and girls is to see to it that they get the benefit of every dollar that the taxpayer supplies, under efficient administration.

"Understatement of Claims Against the United Arab Republic and the Federal Peoples Republic of Yugoslavia for Recovery of Excess Ocean Transportation Costs Financed by the Commodity Credit Corporation."

February 1964: "Examination of Certain Economic Development Projects for Assistance to the Central Treaty Organization by the Agency for International Development."

May 1965: "Improper Payment of Port Charges on Shipments to Colombia on Food Donated Under Title III of the Agricultural Adjustment Act."

April 1965: "Questionable Aspects of Budget Support Loans to the Government of Ecuador."

April 1965: "Followup Examination on Certain Aspects of U.S. Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran."

April 1965: "Ineffective Utilization of Property Under the Foreign Assistance Program."

May 1965: "Overprocurement Resulting From Ineffective Supply Management in Korea Under the Military Assistance Act."

March, 1965: "Unnecessary Dollar

Costs Incurred by Financing Purchases of Commodities Produced in Brazil."

January 1965: "Weaknesses Involving Primarily the Disposition of Surplus Nonfat Dried Milk."

These are samplings of what spot checks made by the Comptroller General of the United States have disclosed. I urge my colleagues to go to the Foreign Relations Committee room and at least sample them, and to take a few out into the reading room and read them. Then I ask my colleagues to ask themselves the question: Are we really justified in voting for this conference report?

This is the worst program in Government and the conference report does nothing about it. It continues it for another year in the same form.

Even as the conferees passed up their opportunity to do something about these conditions, we read in the press that the American taxpayers have been asked to foot the bill for several dozen plush executive style chairs, at a cost of some \$250 each, for a new medical school we are constructing in Saigon. Of course, the local Vietnamese officials looked through a catalog and found some very ritzy chairs and desks for sale. Naturally, they wanted only the best for themselves. That is understandable, because we have been keeping a great many South Vietnamese in high style in the last 10 years, and they expect nothing but the best from us. And if we do not give it to them, we will hear that their confidence in the Americans might be shaken.

So our aid officials in Vietnam promptly okayed the plush chairs and other office equipment. You do not find them looking into the possibility of surplus stocks already on hand in AID, which was one of the criticisms made by the Comptroller General. It is easier to write out a check. Can anyone doubt why foreign aid is so often referred to by American taxpayers as the foreign aid rathole?

MEAGER RESULTS FROM FOREIGN AID

All the answers and rationales that are offered for this state of affairs revolve around the allegation that we do get something for our aid money, and that is military allies. How many times have we heard the old story about the millions of soldiers being maintained by aid-receiving countries, soldiers who will be there to fight with the United States in case of any outbreak of war?

Well, the war is on in Asia. And where are all the millions of soldiers in Asia that were supposed to have been bought, or hired, or induced to fight for freedom, with all these billions of foreign aid money?

There will never come a time when the military forces of other countries who have been receiving aid from us will be needed more than they are needed now in Vietnam. But where are they? There has been a lot of talk about troops from the Philippines, from Korea, from Taiwan. But no combat troops in any number to amount to anything have showed up.

The American people are about to find out the ultimate illusion of foreign aid. It is that we are getting no help from any of the nations we have been helping with huge doses of both economic and military aid. Those millions of troops that are described to us each year in the hearings as being cheaper to maintain under arms than a comparable number of U.S. troops are going to stay right at home while American troops do the fighting and dying in Asia. There will be no Pakistanis, no Indians, no Thai, no Filipinos, no Formosans. Conceivably, there may be some Koreans eventually, but if so, it will be at considerable expense to the United States.

That is why I say that the great illusion of aid is that it maintains allies for the United States, especially military allies. It has done nothing of the sort in our hour of contest and crisis in Asia. If it has failed the test in Vietnam, where is it ever going to produce friends and allies for the United States?

The plain truth is that countries that depend upon us for money and military equipment are not allies at all. They are dependencies. The United States has in the world today almost no genuine allies. Canada, West Germany, and Japan come the closest to being true allies because they share our general foreign policy objectives and they are able to sustain and maintain themselves in both their economic and military activities.

I would point out to the American people this afternoon that the war in Asia, and the total lack of any meaningful assistance from other nations, denotes and emphasizes and highlights the futility of foreign aid as a means of gathering allies. If a crisis comes to any one of the nations in Asia or the Middle East that receives our economic and military aid on the ground that it is building an indigenous force to fight communism, that country will still have to be defended by American troops if it is defended at all. And we will get no more help from its neighbors than we are getting in Vietnam.

No nation that cannot maintain itself in time of peace can be an ally in time of war. It can provide a geographic location for American military operations, but nothing more. An ally is a country with which we act in concert for a common goal. But a true ally has its own resources out of which it can maintain a policy or an operation. And today, the nations of the world that can maintain a policy or a military operation out of their own resources and whose policies in general coincide with ours are few and far between. Not even Britain qualifies any more as a true ally, because her total dependence upon the United States for support of her currency means that she, too, like so many of our dependencies in Asia, is incapable of any military operations supported and maintained by herself alone.

So when the waste and the inefficiency of the foreign aid are brushed aside with pompous explanations of how it is all really an investment in the political friendship and military cooperation of recipient countries, let the American

people ask: "Where are those friends, and where is that military cooperation now in Asia, when we need them? If we don't need them now, we never will."

The results of over 10 years of foreign aid are coming in in Asia, and they are virtually nothing. But in this conference report, the American people are subjected to another year of more of the same. The conference report does not merit their confidence, and it should be rejected.

Mr. President, I ask unanimous consent that at this point in my remarks a column written by Robert S. Allen and Paul Scott entitled "Inside Washington," discussing some of the money that is being spent under our aid program, be printed.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Is there objection?

There being no objection, the column was ordered to be printed in the RECORD, as follows:

INSIDE WASHINGTON

(By Robert S. Allen and Paul Scott)

WASHINGTON, August 23, 1965.—More than \$25 million in foreign aid funds has been spent for scores of so-called research and analysis projects ranging from diffusion of innovations in rural societies to the interaction of social values and political responsibility.

Cost of these studies runs from \$5,405 to Haverford College, Pennsylvania, for effect of foreign aid on U.S. balance of payments, to \$2,463,275 to Wisconsin University for research and training in land tenure and reform in Latin America.

Most of these foreign aid-financed research dispensations went to U.S. universities, with a few to private institutions and business concerns.

These are the latest disclosures by Representative VERNON THOMSON, Republican, of Wisconsin, member of the Foreign Affairs Committee who has determinedly crusaded against waste, extravagance, bungling, mismanagement, and other costly failings in the administration of the multibillion-dollar foreign aid program.

His jolting new exposé comes as Congress is preparing to approve the compromise \$3.36 billion foreign aid authorization bill agreed on by the House-Senate conferees under strenuous White House pressure.

In an effort to put an end to foreign aid spending on such studies, THOMSON has drafted an amendment barring that, as follows:

"None of the funds appropriated or made available under this act for carrying out the Foreign Assistance Act * * * may be used to make payments with respect to any contract to which the United States is a party, which provides for research into the administrative organization or operation, or personnel practices, of the Agency for International Development."

This amendment will be offered by THOMSON when the foreign aid appropriation bill is considered by the House in the next several weeks. He has been assured of bipartisan support in his economy drive.

THE PLUM LIST

Representative THOMSON has demanded of the Agency for International Development (AID), which administers the multibillion-dollar foreign aid program, detailed explanations of these expensive and esoteric studies.

He is baffled why large sums of money voted by Congress for foreign aid should be spent for probing the impact of electric power on rural development, development planning and planning assistance criteria, and numerous other subjects with no apparent relation to foreign aid.

"We have spent hundreds of millions of dollars in the past 30 years on rural electrification," points out THOMSON, "so I would think we know a great deal about that. I can't understand why foreign aid funds should be spent for research in this field. Yet the records show three contracts totaling \$560,000 were granted for such studies."

As ascertained by THOMSON from AID files, the \$25,193,163 spent for research and analysis includes the following projects:

Contractor, title, and amount

Michigan University, "Research in Foam Plastics for Housing"-----	\$236, 000
Yale University, "Quantitative Study of Economic Structure and Growth"-----	1, 513, 730
Stanford Research Institute, "Industrial Location and Development Planning in Newly Industrializing Countries"-----	196, 029
Michigan State University, "Mapping of Research Requirements of the Food for Peace Program"-----	124, 040
American Institute for Research, "Research and Development of Aptitude Testing"-----	245, 950
Hoffman Electronics Corp., "Development and Performance Test of a Solar-Powered Battery Recharging Center"-----	30, 025
International Institute for Educational Planning, "Development of Guidelines for Determining the Feasibility of Using New Educational Media in Developing Countries"-----	196, 129
Johns Hopkins University, "Research in Health Manpower Planning for Selected Less-Developed Countries"-----	865, 684
Medical College of Virginia, "Study of Methods for Improving the Training and Use of Middle-Level Health Manpower"-----	130, 200
Brookings Institution, "Transportation and Economic Development"-----	1, 469, 720
Cornell University, "Comparative Study of Social and Cultural Change"-----	647, 938
Educational Services, Inc., "Mathematics Curriculum Development in Africa"-----	1, 823, 012
MIT Center for International Studies, "Improved Analytical Methods for Development Planning"-----	200, 910
National Planning Association, "Development Planning and Planning Assistance Criteria"-----	1, 377, 120
Ohio State University Research Foundation, "Analysis of Program for the Development of Agricultural Credit Institutions and Services"-----	636, 821
Pennsylvania University, "The Interaction of Social Values and Political Responsibility"-----	250, 000
University of Pittsburgh, "Research on the Process of Institution Building"-----	158, 380
Williams College, "Import Substitution and Economic Policy in Economic Development"-----	173, 299
Purdue Research Foundation, "Evaluation of AID University Contracts for Agricultural Education and Research Programs Abroad"-----	998, 931

In a \$281,000 study uncovered some months ago by THOMSON, former Wisconsin Lieutenant Governor, on the functions, procedures, training, and other pertinent details concerning four key positions in AID missions abroad, he found the following high-flown bafflegab:

"Feasible means for measuring the degree to which a prospective incumbent possesses some of the requisite characteristics may not

be currently available to AID. However, the inability to measure the characteristics within the constraints that now bind the Agency should not be confused with the issue of whether or not a characteristic is essential to do a job effectively. If the characteristic is needed, and AID chooses and places a candidate lacking it in the appropriate degree, the aspects of the job in which the characteristic is required cannot be performed effectively."

From AID records, THOMSON has ascertained the Agency has more than 15,000 employees; some 6,600 Americans, the remainder foreigners. Of the latter, approximately half are paid with counterpart funds—local currency credited to the United States through the sale of surplus farm commodities.

Mr. MORSE. I ask unanimous consent that my individual minority views in opposition to the foreign aid conference report of 1964 be printed in the RECORD at this point.

There being no objection, the individual views of Mr. MORSE were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF SENATOR WAYNE MORSE

The foreign aid program has become one of the most stagnant, unproductive, and misrepresented of all Federal activities. It is stagnant because its objectives are still tied largely to American strategic interests of the 1950's; it is unproductive because much of it goes for uses that neither build nor develop; and it is misrepresented because, in spite of all the official hand-wringing pleas that we help the underprivileged and deprived people of the world, not more than 40 percent of it goes for that purpose.

The basis of my approach to foreign aid is that it must serve the interests of the United States. I believe in "strings" on aid. Congress may spend public money only for the general welfare of the United States, not for the general welfare of any other people, no matter how deserving they may be. Therefore, foreign aid cannot serve a purely humanitarian purpose, devoid of self-interest, for the United States.

My difference with much of the program is over what really does serve the interests of the United States. I do not believe that aid extended for military reasons, security reasons, or for reasons of political intrigue serves our longrun interests—and this is a longrun program. I think that foreign aid should be primarily developmental and for specific purposes, with the shortrun considerations very secondary instead of the other way around.

Unless and until it is put on that basis, foreign aid will remain a dole and its recipients will be either dependencies of the United States or, in some cases, they will take our military aid and then use it for their own national purposes that may be quite contrary to our own.

FOREIGN AID AS A SLUSH FUND

Many advocates of aid think they are being sophisticated in recommending foreign aid as a slush fund to buy off other countries. They often say that every great nation has had to do the same thing, and that the United States should now undertake to carry the same burden, with the understanding that it is a waste of money and is spent only to prevent unfavorable things from happening.

Several things are wrong with this view. First of all, it assumes that money (or military equipment) buys more than it does. To holders of this view, the giving of money is synonymous with the influencing of the recipient; but more often than not, recipients, in the manner of Sukarno, take the money and then do as they intended to anyway.

Secondly, handing out money and weapons with the idea that they will promote political stability, or keep friendly governments in power, or prop up a bloated military establishment in a foreign country are all efforts to impose a political order from the top down. The underlying causes of unrest or susceptibility to communism are ignored, and sometimes worsened.

These uses of foreign aid are justified with such phrases as "forward defense against communism," "vital to the interests of the United States," and "of strategic importance to the United States," concepts that now embrace virtually the entire globe. Most of the countries receiving huge and largely unconditional aid on the ground that they border the Communist bloc are already protected by mutual defense treaties with us, and by our retaliatory capacity.

The real justification for "forward defense" aid is not that the recipient can use it against communism, because a nonindustrial country that cannot support a peacetime army cannot sustain a war effort against Russia or China. Once Europe and Japan were rebuilt and rearmed, military aid ceased to have much practical value for indigenous forces. What "forward defense" aid does buy is entree for American military and intelligence agencies close to Communist borders. For these privileges, we have paid since World War II a dozen times more than we need to have paid.

Many will say, "Anything that helps us against Russia and China is worth while." But our failure to insist on sound economic standards even for this aid has not helped us. It only means we are still vulnerable to eviction from these countries without, in the meantime, having improved their economic prospects.

ECONOMIC FREEDOM SHOULD BE BASIC PURPOSE OF AID

In the long run, climates and attitudes sympathetic to the United States and compatible with American objectives will have to be created by the creation first of economic freedom in these countries. And economic freedom can only be advanced through the developmental part of the program.

But, sad to say, of the economic section of the program, not more than half is devoted to bona fide economic development. Supporting assistance, the contingency fund, and nonproject loans from the Development Loan Fund are but political props and payoffs to foreign governments. They do not develop; they merely patch over and perpetuate the lack of development.

Even the technical assistance program is being used for transportation and communication projects against the day when they may be of use to American forces, and to train smalltime police states in emerging countries.

The words "economic freedom of choice," without which the security of this country will never be strengthened in this world, are being relegated to whatever is left over in the foreign aid plot. Education, sanitation, vocational training, capital projects, agricultural extension—the activities that our officials trot out to gain support for aid among the unknowing American people—these constitute at most only about 40 percent of the \$3.5 billion being requested.

Cutting the \$1 billion-plus military aid expenditure in half and applying the unproductive economic aid to genuine economic development projects would do more to strengthen the longrun security of the United States than any other changes that could be made in the foreign aid program.

NO EVIDENCE OF CHANGE IN CURRENT PROGRAM

Since January, Congress and the American people have been told again and again that

this year the program is being tightened, curtailed, and improved. But there is no hint in any of the material presented to the committee of where these changes are taking place. All that Congress is given in the annual presentation is a look at ongoing programs, started in the current fiscal year or before.

Contrary to past efforts and directives from Congress, requested funds for supporting assistance have been increased over last year, even without the additional request for Vietnam. This grant economic aid has been a target for congressional criticism since adoption of the Mansfield amendment in 1959, calling for its eventual termination. The aid request for this category is a backward step from the Mansfield reform.

Unspecified loans called program loans abounded in fiscal 1964, and they apparently are to be used just as freely in fiscal 1965. Project loans finance the importing of commodities for specific projects whose soundness can be verified by AID officials; but program loans go to balance accounts and finance imports in general. In many countries these include imports that contribute nothing to local development. They only create a debt obligation to the United States whose chances of repayment are slim.

Moratoriums on debt obligations due us from Turkey and Brazil, and the prospect of renegotiation of Argentina's obligations, call for a much tighter control by Congress over this type of loan. In the case of Brazil and Turkey, we are making them a new soft loan even as we give them moratoriums on repayment of old ones.

These loans, as with aid in general, are touted as creating a future market for American goods. This theory is based on the advertising gimmick of giving away free samples. But their cost is absorbed by the American taxpayer, not the manufacturer. Yet testimony to this committee—not from administration sources but from U.S. commercial sources—brought out that in Colombia and Chile, U.S. exports declined as these countries received our goods under program loans and diverted the foreign exchange saving into new purchases from the European exporters. Worst of all, the chances that the taxpayers will ever recover any of this subsidy to American business are not good.

It is no wonder that committees of U.S. businessmen are becoming the major tub thumpers for foreign aid.

So far as Latin America is concerned, the indications are that the aid standards are being loosened, not tightened. A \$50 million loan for no particular development purpose, but just to balance international payments, has been extended to Brazil. This is despite the suspension of loans, pending fulfillment of certain economic conditions by the Brazilian Government. There is as yet no more or better economic performance to justify a loan than there had been under the previous Government. But once a new junta takes over in Latin America, we rush to curry favor with it, and in Brazil it is costing \$50 million.

In fact, the U.S. aid program in four other junta-ruled countries of Latin America where constitutional governments were pushed out, has been resumed. These are the Dominican Republic, Guatemala, Ecuador, and Honduras. This is a full turn back to the evil days of the 1950's when the United States gained a record level of ill will and ill repute among the people of Latin America who had to live under the brutal heel of U.S.-supported tyrants. The Alliance for Progress was supposed to have changed all that by financing economic reform within a framework of political freedom and democratic institutions. But today we are merely hand-

ing out more money for the same old purposes as before.

Having ignored ourselves the political conditions for aid under the Alliance, our partners feel free to ignore the self-help conditions. Why shouldn't they when they get this money anyway?

FUNDS SHOULD NOT GO ABOVE FISCAL 1964

As reported by the Committee on Foreign Relations, the bill increases the program for fiscal year 1965 over the program for fiscal 1964. This has been done despite the overwhelming evidence that the American people are demanding long-overdue reductions in the foreign aid burden, that the impact of the aid program is woefully smaller than its size, that U.S. Government funds are increasingly needed at home, and that our so-called allies are permitted to shirk their responsibilities because of our often feckless generosity.

Undoubtedly the administration sincerely believes its appropriation request for \$3,516,700,000 to be a "bare bones" budget. However, the determining factor in shaping this request had to be the judgment of the Agency for International Development. And our past experience has made it painfully clear that—at a minimum—there is nothing sacrosanct about the AID judgment. The Congress, on the other hand, is not (or should not be) content merely to accept the arguments of stanch advocates, but takes into account a range of other sources of information. Foremost among the latter are the reports by the Comptroller General of the United States, which time after time have severely criticized in detail the planning, the programing, and the implementation of the aid program. On the basis of such information, as well as a full study of the AID presentation material, I can only conclude that there is a great deal of fat clinging to the bare bones.

The appropriation last year, for fiscal 1964, was an even \$3 billion—a cut of almost \$2 billion from the original budget request. Judging by the cries of anguish and forecasts of catastrophe which rose from Foggy Bottom during that trimming process, one might have envisioned the United States and the rest of the free world sliding irretrievably toward disaster. Yet a year later the Republic still stands, and no one is able to point to any foreign policy reverse attributable to a lack of aid funds. Indeed, our setbacks appear to have come in the Mediterranean and in southeast Asia, areas into which the United States has poured money most lavishly.

During this year's hearings and committee discussions no evidence was presented to justify an authorization for fiscal year 1965 of almost \$467 million more than the \$3 billion appropriated for fiscal 1964. It might be noted in this connection that a great deal of attention and lipservice was given last year to the so-called Clay Committee report. While I disagreed strongly with that report's inflated financial recommendations, it did contain the extremely valid proposition that there should be a gradual but steady reduction in the size of the aid program annually in the future. Our experience last year with a program scaled to \$3 billion in new funds certainly suggests that a cut even below that level could be safely made this year.

Because of a carryover from prior year appropriations, the final figure for the fiscal 1964 program was almost \$3.4 billion, rather than \$3 billion. The carry over this year supposedly is only to be about \$53 million. If true, and if the \$3 billion level of new money were maintained, the end result would be a reduction of about \$344 million under last year's figure. The word "supposedly" must be emphasized. For the administrators of the AID program are highly accomplished producers of rabbits from their hats, and there is good reason to believe that other

funds may in time be brought out of hiding. Indeed, when such a wonderland category as "deobligations of prior year obligations" is counted, the understandably confused American man in the street finds that the foreign aid program which he thought was \$3 billion last year turned out to be in excess of \$3.6 billion. The conclusion that \$3 billion in new money would not represent any real reduction from last year is shared by many Members of the House, who wrote in the "minority views" in the House Appropriations Committee report:

"Further, it is impossible for the Appropriations Committee to ascertain with any degree of accuracy the amount of unobligated funds which are left at the end of the fiscal year. It has been stated that these figures for any fiscal year are not available until October of the following year."

FOREIGN ASSISTANCE ACT ONLY A PART OF TOTAL FOREIGN AID

This leads to another major objection to the character of the foreign aid program as it now stands. It is only the beginning figure for what we spend overseas on an annual basis. Many Members of the Congress, much less the American public, have only the haziest idea of how much money is involved in our contributions to a large number of international financial and developmental organizations, and in our shipments of agricultural surpluses.

Moreover, executive branch requests for the same general purpose in successive years have a tendency to disappear from one bill or category and turn up in another. For example, \$135 million for Latin American development (through the Inter-American Bank's Social Progress Trust Fund) contained in the 1964 foreign aid appropriation bill does not recur this year. At first blush this might appear as a reduction in our total aid. But no, the administration has just submitted a separate new request for \$750 million over a 3-year period for the same purpose with a slight change in terminology. There is no corresponding cut in this bill. Under these circumstances it is extraordinarily difficult to perceive the overall total of U.S. foreign aid, and to make intelligent judgments about the validity of its components, such as those contained in this bill.

EXCESSIVE NUMBER OF COUNTRIES CONTINUE TO RECEIVE BILATERAL AID

This confusion carries over into the question of how many countries are feeding at the American trough. If only aid under the Foreign Assistance Act is counted, then some 83 countries are scheduled to receive assistance in fiscal year 1965. But the total rises to over 90 countries and territories when all forms of assistance are counted. And indeed they should be counted. The administration can scarcely claim it is extending little aid to Nasser's Egypt, for instance, when Public Law 480 supplies are flooding that country.

Now it appears that the number of countries getting help under the Foreign Assistance Act has fallen by something like the figure of 10. It is noteworthy that there is no commensurate cut in the administration request for new funds. On the contrary, the AID officials point with pride to the growing concentration of effort in fewer "key" countries. By that standard, no matter how many nonessential applicants are cut off the aid payroll, the level of foreign assistance requests is likely to remain unchanged.

Anyone reading the majority committee report, supported by the majority of members who voted for this bill, will be struck by the absence of persuasive answers to the outstanding questions which have always surrounded the foreign aid program. It is said that it is unrealistic to expect agreement on the purposes and aims of the foreign aid program. This at least is refreshing candor, although there is little novelty in the observation. My own experience with AID offi-

cials has always been that when I make a valid criticism of an economic project, they say the objective in that case is not economic but political—and vice versa in other cases. In numerous instances those officials have accepted the validity of my criticisms "in principle" but have cited so-called special circumstances which prevent them from taking corrective action. It is no wonder that we have difficulty in justifying foreign aid expenditures to our constituents.

The committee report states that the total of U.S. bilateral aid is declining. Yet, as substantiation, it merely cites the difference between last year's administration request and the one this year. The fact is there is no hard evidence to cite which would back up that statement in terms of last year and this.

The majority report then goes on to note that "aid has been terminated in 17 countries * * *." But it ignores the fact that some of these countries were cut off several years ago, and have been trotted out each year since as happy examples. In any event, as stated above, a reduction in recipients means little without a consequent reduction in expenditures.

A table is inserted in the report which supposedly "should provide some reassurance" that our development loans will be repaid. The only conclusion I draw from that table is that the World Bank—whose record is not at issue—has done extremely well with its hard loans on stringent criteria. I join Senators MUNDT and LAUSCHE in their objections to the easy terms of most of our loans.

Finally, the report meets the criticism that our industrialized friends are failing to take a fair share of the foreign aid burden by stating that: "This is a complicated question, for which there is no categorical answer." Again, the statistical information contained in the report just does not support an optimistic conclusion.

In the following sections I set forth my own specific conclusions and recommendations for cutbacks in funds, which latter are summarized at the end in tabular form.

DEVELOPMENT LOANS

Congress should reduce funds for development loans so long as these loans continue to be made for general purposes and not for specific projects. The House Foreign Affairs Committee report in both its majority and minority views was critical of the large sums in "program" loans during fiscal 1964. Yet Congress must be aware by now that mere criticism in a committee report makes no impact whatsoever on the foreign aid program.

Said the majority report:

"Nevertheless, the committee believes that countries which progress to the point where they qualify for large development loans should be encouraged to assume increasing responsibility for financing their imports, except imports related to projects for which loans are made. There is danger that dependence on the United States for such financing could result in levels of consumption higher than the recipient could normally sustain and could encourage unsound financial and monetary practices."

The minority report of the House committee showed program loans in fiscal 1964 as follows:

[In millions of dollars]	
Tanganyika	1
Tunisia	10
India	275
Pakistan	100
Turkey	70
Chile	40
Colombia	15

for total of \$511 million. Since then, Brazil has received a \$50 million program loan.

This means that about a third of all development loan funds available for fiscal 1964 have already been lent for general purposes unrelated to any specific development project.

Turkey again ranks as the No. 1 failure of the foreign aid program and among the No. 1 recipients of program loans. She is receiving over \$100 million in economic aid this fiscal year, and considerably more in fiscal 1965, most of it in "program" loans.

Both the Organization for European Cooperation and Development and the General Accounting Office of the United States have found Turkey's economic development to have stagnated despite the huge American aid program there since 1947. The OECD report of 1963 was prepared for a consortium of Western European countries that were supposed to join the United States in financing Turkey's development. AID presentations always refer to this consortium but do not mention that its total pledges amount to less than the American aid alone, and that the European members are not coming through on their pledges because Turkey has not carried out the reforms required.

Judging from the presentation figures for fiscal 1965, it appears that the United States is going to make up the difference, reforms or no reforms.

Although the United States has put \$1,670 million into Turkey's economy since 1947, and given her combined military and economic aid of over \$4 billion, that country's economic condition is worsening. The population increase has almost entirely wiped out the increase in the gross national product.

Reform of the grossly wasteful state enterprises and tax reform are the most urgent. The U.S. General Accounting Office reported a few weeks ago:

"In the absence of a development plan and adequate information about the economy's resources and needs, the commodity import program (which has been the largest segment of the U.S. economic dollar aid to Turkey) was an integrated part of the financing of Turkey's overall import programs and as such was not geared to specific long-range objectives. Moreover, substantial amounts of local currency generated under the commodity import program were allocated for the general support of investment budgets of state economic enterprises (those owned by the Turkish Government). Because neither the Turkish Government nor the mission exercised adequate control over commodity imports and the operations and investment programs of state enterprises, aid funds frequently were used to nonessential or low-priority purposes. State enterprises also received U.S. dollar aid to finance the foreign exchange cost of facilities which had been poorly utilized or not utilized at all. Assistance was freely provided some state enterprises notwithstanding their inefficient operations and uneconomical practices.

"In a supplement to our prior report on the Turkey program, we pointed out that accomplishments in Turkey's economic development and support of the country's defense efforts had been accompanied by serious economic problems with consequent increases in the amount of aid required from the United States. * * * The average level of U.S. aid for the 5 fiscal years (1958-62) covered by our recent examination increased significantly over the level for the preceding periods. Moreover, U.S. officials estimate that during the 5-year period which began March 1, 1963, Turkey will need more aid than heretofore from both the United States and others and that Turkey will not reach self-sustaining growth before 1975. Steps taken since the military coup of May 1960 offer promise that sound and necessary economic control measures may be forthcoming, but much remains to be done. As can be seen from the above there is a need for more effective action to improve operations and increase earnings of state economic enterprises and for more productive utilization of resources available to Turkey."

The Turkish Government, continues this report, operates about half of the country's industrial production, including enterprises in the fields of manufacturing, mining, trading, banking, transportation, and public utilities. They have steadily lost money due to "poor organization, inefficient operations, and poor pricing policies."

"Despite these basic management deficiencies, the United States continued to provide substantial sums of direct and indirect dollar aid and counterpart and U.S.-owned local currency to some state enterprises. This aid has contributed little toward improving operations of the enterprises, relieving their drain on the Turkish economy, and thereby reducing the need for outside aid."

Turkey's failure to correct the worst of these conditions has led the consortium to curtail its scheduled aid. But instead of doing the same, the AID presentation indicates that the United States is going to increase its aid substantially over last year.

DEBT DEFAULT BY TURKEY

The GAO report also found that Turkey was by 1957 in arrears on three loans, with the arrearages amounting to \$6.4 million. In May 1959, AID deferred for periods ranging from 28 to 31 years all principal and interest payments originally due between 1956 and 1965. The Government of Turkey is to make the three interest and principal payments due between 1966 and the original maturity dates pursuant to the original repayment schedule, and make the deferred payments after the original maturity dates. But interest will not be charged on the principal and interest payments that were deferred, which represents another grant of \$31 million to Turkey.

The dreary details of American aid for importation of station wagons, for a meat-packing plant that is virtually unused, for modernization of the state-owned bituminous coal industry that continues to sink deeper into indebtedness, and for grain storage silos whose peakloads averaged less than 40 percent of capacity are included in this GAO report. It should be read by every citizen who still believes that the foreign aid program is designed to help the world's unfortunate.

Says the report:

"The Agency (AID) advised us that it had encouraged Turkey to adopt necessary reform measures for management of its fiscal and economic affairs. However, although actions taken by the Government of Turkey were not satisfactory, the Agency decided to not insist on a greater measure of cooperation because of foreign policy considerations."

Primary in these considerations are the extensive intelligence and military installations operated in Turkey by thousands of American personnel. They largely explain why protests about Turkey's stagnating economy and misuse of aid funds are pushed aside with references to Turkey's being "vital to American security."

Our aid to Pakistan is in very much the same category, and we seem to be heading in the same direction with India. The "forward defense" policy of aid is not one of promoting economic freedom of choice at all.

What is happening now in Laos and Vietnam is typical of what would happen in each of these peripheral countries should it come under any pressure from within or without. The American aid that we send them now would be only a drop in the bucket of what it would take to prop them up under conditions of war or near war.

Program loans to these countries are little better than outright grants and should be stopped.

TECHNICAL COOPERATION

For many years, this descendant of the point 4 program has been an almost un-

touchable segment of the foreign aid program. But a close examination of its current projects, and those in the comparable category in the Alliance for Progress, indicates that technical cooperation is moving far away from the original point 4. Today, a major function of "technical cooperation" is the training of local police forces in internal security matters. These programs are zealously pursued by American authorities even in countries like Panama and Indonesia, where their uses are more likely to be anti-American or anti-British instead of anti-Communist.

In short, these programs are being conducted in the countries where we have little or no control over the purposes to which they will be put. They include the recent military junta-ruled countries of the Dominican Republic, Honduras, Ecuador, and Guatemala. Just what we think we can teach the Dominican National Police that they did not learn for themselves in Trujillo's day is hard to guess. But we are trying.

We are undertaking similar endeavors in Somalia, Chad, Tunisia, the Central African Republic, Dahomey, the Ivory Coast, the Malagasy Republic, Niger, Upper Volta, the Congo, and Ethiopia in Africa. The programs are equally widespread throughout Latin America and Asia.

In few of these countries is there the institutional framework that would make them a wise undertaking. All we are doing for most of them is making their police states a little more efficient—maybe. But we have not the slightest idea to what use this efficiency will be put, and whether it will advance any interest of the United States.

In many ways, this kind of technical assistance is the most dangerous aid program ever undertaken by the United States. Any reduction Congress makes in it will be a step in the right direction.

The aid presentation for technical assistance gives no real reason for the \$9 million increase it plans over fiscal 1964. AID declares that it is moving the capital projects that have been under "Technical cooperation" into the "Development loan" category. But if so, what does it plan to do with the money saved, plus the increase over last year? "Research" is the only explanation for this in the presentation.

Many of the other projects undertaken in the name of technical cooperation and assistance have a similar flavor of political and military intrigue. In the Near East and Asia, many of the transportation projects seem to be directed at military rather than commercial use. In Afghanistan, for example, we have a total program of \$10 million worth of continuing projects. One of them is to plan a highway to the Iranian border. Its justification is that it would give Afghanistan an outlet in the west. But we had already helped her build a highway to the Pakistani border for the same purpose; then there were troubles between Afghanistan and Pakistan, causing the border to be closed off and on.

It seems a great hypocrisy to call this "technical cooperation," when it does not appear that Afghanistan is not as much interested in having an outlet to the West as we are in insisting that she have one, no matter how much it costs the American taxpayers.

Cyprus is another question mark. Cyprus is down for many hundreds of thousands of continuing projects. What has happened to them during the civil war? No one will ever know from reading the presentation.

Turkey, of course, is the most shameful failure of all aid recipients, not only in the technical aid but in all categories of aid. In technical assistance, many of the programs we are maintaining in Turkey are designed to help Turkey run her state enterprises. Since it is these state enterprises that are largely

responsible for the stagnation of her economy, and the responsibility for their continuation is a political rather than a technical problem, it is hard to see how the United States is helping to improve her economic situation by aiding in the perpetuation of these enterprises. Another way of putting it is that we are training Turks in socialism, and creating more bureaucrats who will have to be employed in these establishments already suffering from bloated payrolls.

As for Thailand, one cannot read the continuing projects there without concluding that they are laying the foundation for an American military operation in Thailand. The so-called transportation projects include a four-lane highway from the country's main international airport to Bangkok. From Bangkok, a two-lane highway is to continue to the northeast area where the border with Laos is threatened. Much the same picture is seen in the projects for aeronautical ground services which are "intended to make several airfields fit for military use, as well as civilian." It is hard to see where any civilian use in Thailand could justify "several airfields of this nature."

In sum, showing people how to live better is on its way to becoming only an adjunct to the technical cooperation program, as it is to the rest of foreign aid. It is the Peace Corps, that is making the greatest contribution to this cause.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

In my opinion, the funds authorized for this activity rank high among the most worthwhile expenditures made in the name of foreign aid. Indeed, I have made a matter of record my willingness to support a larger sum for these purposes than the administration requested.

A number of my committee colleagues and I expressed great interest during the hearings in providing assistance to Mexico City College, now renamed the University of the Americas. This eminent institution certainly seems to qualify for help under the aid category of American-sponsored schools. Unfortunately, the university had not submitted its detailed application by the time of committee action on the bill. I believe it likely that the majority of members would have voted to increase the authorization for this section had they been in receipt of data from the university which seemed to require such action.

However, the committee was assured by the Administrator and other AID officials that the university's application, when forthcoming, would be reviewed most sympathetically. We were also assured that the funds requested for this general purpose would be sufficient to permit assistance to be granted to the University of the Americas in fiscal 1965. I take this occasion to express my intention of seeing to it that this project is not lost in the bureaucratic shuffle.

THE ALLIANCE FOR PROGRESS

As chairman of the Subcommittee on American Republics Affairs, I yield to no one in my deep interest in the countries of Latin America and their progress with economic and social reforms in the context of democratic political institutions and practices. I would certainly subscribe to the words of the committee report that " * * * dramatic breakthroughs and economic 'takeoffs' are unlikely in the absence of a basic social and political reorientation in most of Latin America." But sadly inadequate emphasis has been given to the fact that U.S. policy, rather than American public money, is the instrument through which we can best help our Latin American friends to help themselves.

It is a truism that a change in the price of a basic Latin American export commodity by a few pennies, or a reversal of capital flight from that area, would have many times the effect of all the financial aid which the

United States could possibly make available. What is irreplaceable, on the other hand, is a U.S. policy which actively encourages democratic constitutional means of governing and of tackling the fearsome social and economic problems of the Latin American countries. Regretfully, one cannot avoid the conclusion that such a policy still is not sufficiently in evidence.

Time and again we have reacted to the military overthrow of a constitutional regime by temporarily withholding recognition and foreign aid funds, and then by granting them without any reliable assurances that the new rulers are moving to reestablish constitutional and popular government. It is not merely that such practices evoke justified criticism from all parties involved; they serve to undermine our entire overall policy toward Latin America. Until the United States unequivocally aligns itself with those democratic elements which are trying to bring about peaceful revolution in the social and economic spheres, the Alliance for Progress will be a pious exhortation rather than an instrument for dramatic change.

Our "aid as usual" policy toward the Dominican Republic, Guatemala, Honduras, and Ecuador is the greatest single threat today to the success of the Alliance.

Because it is clear that money alone is not the key to the Alliance for Progress, there is no reason why foreign aid requests for Latin America should not be scrutinized—and reduced when necessary—on the same basis as AID programs in other world areas. Last year's appropriation for the Alliance totaled \$455 million, but the administration has requested \$550 million under that heading for fiscal year 1965. Although the overall foreign aid appropriation should be gradually reduced each year, this should not involve a rigid approach which would inevitably cut each and every component of the act. Therefore, I am recommending \$465 million for the Alliance in the 1965 authorization, or an increase of \$10 million over last year. Of this total, \$80 million would be for grants (the same figure as in 1964) and \$385 million would be devoted to development lending.

My reasons for cutting \$5 million from the administration request for Alliance grants stem from a painstaking examination of the presentation material. On the same basis of listing projects which seemed inadequately justified, unduly extended (often for 15 or 20 years), or otherwise of dubious value, I might have sought a precise cut of \$8,243,000 had I not again preferred to err on the side of caution. In two major countries we make technical assistance grants to encourage the production of export items which are surplus in the United States. In a number of cases there are projects which involve the United States in paying local expenses which could be met by the Latin American country concerned. In other cases the United States is making grants of both heavy and light equipment which properly should be purchased by the local government with the proceeds of a development loan. The ill-visibility of training and equipping of police forces in totalitarian states is discussed in the section on technical cooperation. It is for these reasons that it seems correct to hold grants at last year's level while providing \$10 million more for lending.

There should be no confusion about my position regarding technical assistance for Latin America and other regions of the world. So long as this cooperation is extended in terms of working with fellow human beings through education and training in productive activities, it is of supreme value and it is self-justifying. But this fine program must be kept separate from the provision of capital equipment, other material, and commodities. Development loans obviously are required in order to make such provision, but we must also make it as certain as possible

that loans are confined to those purposes, and not devoted to budgetary and balance-of-payments support. The comments made elsewhere in these individual views concerning the Development Loan Fund are equally valid in the Latin American context.

One further point about the Alliance for Progress. There is no activity in Latin America which is more important in terms of reaching the people than the construction of decent, low-cost housing. Yet all indications are that there has been too little movement in this sphere, despite the special authority in the Foreign Assistance Act. I strongly urge far greater attention to this subject by AID officials on an immediate basis.

SUPPORTING ASSISTANCE

It is inexcusable that the administration request for supporting assistance funds should be raised over the amount available last year, even before the special request for additional money for Vietnam was sent to Congress. The Mansfield amendment of 1959 called for an eventual phasing out of these financial grants. Yet \$335 million was initially requested, compared to \$330 million appropriated last year. On top of this, \$70 million more was later requested for Vietnam, bringing the total to \$405 million.

Congress has suffered in the past from the shifting by AID of supporting aid funds away from the purposes presented in the hearings into other uses. If past experience is any guide, it is more than likely that much of the supporting assistance requested for Vietnam will be used elsewhere.

The \$30.3 million reduction in this category by the full committee is not enough. Three countries in Latin America, for example, are scheduled to receive supporting assistance. One of them is Haiti. Although the program being supported is malaria eradication, our program is in addition to UNICEF and Pan American Health Organization programs in Haiti for the same purpose, to which we also contribute. The brutality of the Duvalier dictatorship in Haiti is not exceeded even in Castro's Cuba. There is no more reason for the United States to maintain a unilateral health program in Haiti than in Cuba, or for that matter, in Communist China.

Supporting assistance aid to Bolivia simply undercuts the requirements of the Alliance for Progress and underwrites the incredible mismanagement of the Government-owned tin mines. As with Turkey, the excuse for this aid is the old reliable Communist bogeyman, and the result is the subsidizing by American taxpayers not only of Socialist enterprises but of outrageously inefficient Socialist enterprises. In the case of Bolivia, we have been supporting these tin mines with their grossly padded payrolls since 1954 and there is no end in sight so long as the word is out that there is more supporting assistance coming from the United States. Why should Bolivia change so long as she can scare money out of us?

Jordan and Yemen will account for another large chunk of supporting assistance. Despite the pretentious and glowing references to Jordan's "progressive" government in the presentation, there are no plans for loan aid to Jordan in this year's budget, and one of the three remaining capital projects under technical cooperation is also in Jordan. Nothing but grant money is planned for Jordan this year because with her present policies she is an economic impossibility. The presentation uses the phrase: "Eventual viability may be more securely rooted" in Jordan. That is the best outlook.

Much of Jordan's poor outlook is directly due to her expenditure of \$60 million for defense. Offense is probably the better word. Jordan's army is concerned with nothing in the world but Israel and King Hussein has made it quite clear that he is ready to move against Israel if the Jordan River project goes through. If he does, it

will be only because the United States has subsidized his military establishment since 1947 through supporting assistance grants.

Jordan is not of interest exclusively to the United States. If she needs subsidization to exist, in the same way the Congo does, she should become an international ward, supported by some kind of consortium. That might also reduce the military threat she poses to Israel. But so long as the United States furnishes her this wad of money as a military subsidy, this will never happen. The contributions to her budget from Britain are very small, compared to ours, and Jordan's other sources of aid are loans, not grants. At the rate we are going in Jordan, it will be the American taxpayers who will repay these loans. The budget support to Jordan should be cut by several million this year, so a start can be made toward a longrun solution to Jordan's problems.

In Yemen, we are giving supporting assistance to a government that is little more than a creature of Nasser's and that is still fighting against a royal government that is in turn backed by Britain.

Unilateral American aid to Yemen is in the same class with aid to Sukarno. Worse yet, a good half of it is for highway construction that is of far more military significance to Yemen now than commercial significance. This aid is nothing but an attempt at political intrigue. It should be stopped until the civil war there is over.

In the Far East, South Korea, Laos, Thailand, and South Vietnam are scheduled to receive large amounts of supporting assistance. Although much is claimed in the presentation for South Korea's economic prospects, no reason is given why supporting assistance to her is being increased over last year. It is all nonproject aid, and although the presentation indicates that it will be released only in increments as the South Korean Government makes good on its promises of economic reform, I see no reason why more should be provided than was provided last year.

Moreover, the only other non-American aid to Korea is taking the form of loans. As with Jordan, the United States will end up repaying these loans unless we develop a more effective program in Korea.

The optimistic note in the presentation book about Korea's future depends heavily upon its renewing aid and trade ties with Japan. The people of Korea, including the young people who rioted recently against this policy, should understand that the United States is not going to underwrite indefinitely their emotional aversion to Japan, however real it may be. We do underwrite it when we raise their budget support considerably over last year.

This large sum for Korea is also a result of the 600,000-man Korean Army we are supporting, in addition to the 50,000 American troops in Korea. This compares with figures I have seen that the North Korean Army is about 400,000. No good reason has ever been offered for maintaining this vast preponderance of military force in South Korea. The latter's army should be brought down at least to 500,000 and preferably to 400,000.

The levels of supporting assistance to Laos and South Vietnam are indicative of what we face in every other underdeveloped country where we are maintaining large military aid programs. The presentation books stress over and over again the meager economic resources of these countries and the high concentration of military activity. The result is that the United States finances a Western-style war effort in feudal countries. It costs us a yearly average of about \$40 million in Laos, a country of 2.5 million people, exclusive of military aid. In South Vietnam, it has run about \$130 million for economic aid, with this year's level much higher, in a country of 15 million. In both countries, much of this money goes for the enrichment

of ruling classes and factions that we "hire" to fight communism.

Anyone who thinks the United States gains something by maintaining these indigenous armies in undeveloped countries around the world should figure out first how much we would have to subsidize any one of them if it became involved in any kind of a war.

The figures for Korea, Laos, and Vietnam should be a lesson to us, because in addition to direct action by the U.S. Armed Forces, it would cost us billions of dollars to subsidize a war effort in such countries as Turkey, Greece, Iran, Taiwan, or any of the others whose military establishments are creatures of the United States.

CONTINGENCY FUND

Once again, the uses of the contingency fund were advertised as being for unforeseen emergencies. But one of the largest transfers out of contingency funds was \$50 million into development loans to make a program loan to Brazil. Other uses of the contingency fund have been \$38 million for Vietnam (in addition to its programed funds and the special request of \$125 million) and a transfer of \$75 million into military assistance. All these obligations were entered into only in the 2 months before Congress acted on the foreign-aid bill.

Use of the contingency fund for Brazil's balance-of-payments problem continues to typify the abuses of this fund. This is neither an unforeseen nor an emergency situation. The contingency fund only provides the loophole whereby Brazil evades the stipulations of the Alliance for Progress.

This use of the fund alone justifies a \$50 million cut.

MILITARY ASSISTANCE

There is no part of foreign aid on which the Congress has received a worse flimflam from the executive branch than on military assistance.

One of the major criticisms leveled by both the Clay Committee and the Senate Foreign Relations Committee last year was that we had too many token military aid programs that seemed to be designed merely to give the American military a "presence" in most countries outside the Communist bloc.

Figures prepared for the hearings at my request indicate that the total number of countries receiving military grant aid in fiscal 1965 will be 55, compared to 63 in fiscal 1964. However, the March 1964 publication from the Defense Department called "Military Assistance Facts" includes an estimate that 62 countries will receive grant military aid in fiscal 1965, and that 10 more countries will acquire American arms through direct or credit purchases.

If there is, in fact, any reduction planned in the total number of countries receiving grant military aid next year, it does not show up in the request for \$1,055 million. There is no explanation of why we are sending the same total aid to fewer countries, if that is in fact what we are doing.

On March 6 of this year, the General Accounting Office issued another of its periodic reports that have consistently found extensive waste in military aid. This one reported that the Defense Department has continued to maintain large military aid staffs in the countries of Western Europe even though military aid to them is being phased out.

The report also stated that these military aid missions continue to prepare military aid plans even though no more grant aid is supposed to go to these countries.

To quote from the GAO report:

"We found that in 1962, when the value of grant aid deliveries to 8 of the countries covered by our review was \$190 million, the Military Assistance Advisory Groups in these countries were staffed in total with approximately 345 U.S. personnel or 56 percent of the level maintained to administer programs

during the peak year of 1953, when the value of grant aid deliveries was \$2.3 billion.

"The failure to eliminate or reduce the Military Assistance Advisory Group's functions and to make appropriate reduction in the number of personnel assigned, as the military assistance programs were accomplished or reduced, has resulted in the unnecessary expenditure of millions of dollars overseas; the ineffective utilization of highly skilled, highly trained personnel; and the continued but unnecessary support overseas of the dependents of many Military Assistance Advisory Group personnel. * * * The Department of Defense furnished us with comments in response to our findings and proposals for corrective action by letter dated July 25, 1963, classified secret. The Department of Defense has informed us that a worldwide review is now being made of the missions and functions of Military Assistance Advisory Groups to determine the feasibility of reducing U.S. representation abroad. We believe that immediate personnel reductions can be made by eliminating or reducing functions now being performed by these groups. We intend to make a followup review at a later date, and at that time we will examine into the adequacy of the Department of Defense's action to reduce or eliminate the staffs of the Military Assistance Advisory Groups in the countries involved.

"Although virtually no additional grant aid is to be provided to the eight Western European countries, we were advised by the MAAG's that they are continuing to prepare military assistance plans. In France, the plans were being prepared in the same detail and on the same basis as though grant aid were to continue, whereas in other countries the plans were being updated and revisions were being made as necessary."

Secretary McNamara, in his testimony to the Foreign Relations Committee, pointed out that only Denmark and Norway in Western Europe are receiving grant military aid in fiscal 1965, and that no new commitments are being made in Europe. Yet the military aid budget does not reflect any curtailment anywhere of small aid programs or of overseas missions.

A real deception of Congress took place in connection with Vietnam. The original 1965 budget reduced military aid to South Vietnam considerably below the level of fiscal 1964, and parceled it out to other countries. Then the President sent a special message to Congress claiming that conditions in Vietnam were so critical that an additional \$55 million for military aid was needed to meet that emergency. The addition only brings South Vietnam's military aid back to last year's level.

Those who have been through 15 years and more of that kind of shell game from various administrators can no longer take at face value anything about aid that is told us by either military or civilian officials. In the case of this "bare bones" request, the funds available for military aid this year include not only the \$1,055 million in new appropriations, but \$25 million which was unspent last year and for which reappropriation is requested, \$135 million which is expected to be recouped from cancellations, price changes, and various slippages, plus a continuing standby authority to use \$300 million in Defense Department stocks when the President finds it "vital to the security of the United States." In recent weeks, \$75 million in contingency funds has also been used for military assistance.

This means there is really available not \$1,055 million but \$1,515 million for military assistance, plus the contingency funds. It is why an eventual cut of \$500 million in military aid would be one of the soundest

steps that could be taken toward a sound and useful long-range foreign aid program.

It is becoming clear from the testimony Congress receives year in and year out, that the Pentagon has come to consider military aid a permanent program. Each year, the requests are justified with accounts of Greece or Pakistan or some other country using obsolete equipment that must be replaced by the United States to keep it current with Bulgaria, in the case of Greece, and to keep current with India, in the case of Pakistan.

It is about time that the Pentagon were required to produce some long-range plans for what it expects of military aid in the future. We should find out whether these countries are going to have their obsolete equipment replaced by us forever, and by whose standards it is obsolete. For example, a perennial favorite is the claim that countries in the Far East need new jetplanes. But the only conceivable enemy against which we are arming them is Communist China, whose jet aircraft from the Soviet Union was cut off several years ago and who does not produce its own jets. Published estimates put the Chinese jets at the period of about 1956.

There is no reason for upgrading the level of any military forces in the Far East above that of Communist China, whose air, naval, and mobile capability is very low.

Future Pentagon estimates for military aid should also include an estimate of how much it would cost the United States to finance a war effort in each country receiving military assistance. We are told, for example, that Taiwan no longer receives huge sums of economic aid, but she continues to receive large quantities of military aid. All this means is that Taiwan still cannot support a large peacetime military establishment. How much would it cost the United States to underwrite a war waged by Taiwan?

It continues to be any opinion that any military aid given to a country in peacetime is only a small fraction of what it would cost the United States to support that country in time of war, if indeed, we decided to support it at all. Such nations are not allies against communism; they are only dependencies. It is worst of all to continue giving large-scale, Western-style military aid to nations that have no prospect of being able to support a modern war out of their own economies in the foreseeable future.

It is not these indigenous forces that deter China or the Soviet Union—it is the likelihood of American response to an invasion of any one of them.

We are having a hard enough time trying to advise the South Vietnamese how to fight, after giving them the most modern equipment, without committing ourselves to the same undertaking with the several million foreign soldiers we keep under arms under the pretext that they are contributing to free world defenses.

The most astonishing testimony of all has been that this amount of the request is needed to upgrade the armed forces of Greece and Turkey. Why we should advertise that we want to do even more than we have in the past to prepare them to fight each other, I cannot imagine.

A 20-percent reduction in the military aid for both Greece and Turkey, and for Pakistan and India, would do more to end the quarrels over Cyprus and Kashmir than all the high-level conferences held to date. The spectacle of stoking their war machines while we beg them to be peaceful is as much a reflection upon Congress as upon the executive branch.

CRITICAL REPORTS FROM GENERAL ACCOUNTING OFFICE CONTINUE

Reports by the U.S. Comptroller General criticizing the aid program in Turkey and the size of military aid missions in Western Europe have already been cited. But there are other reports, too. They continue year

in and year out to cite examples of wasted money in the foreign aid program. These reports are in no sense a comprehensive review of aid; they are only reports of practices uncovered in spot checks.

On March 5, 1964, the Comptroller General summarized as follows a report on "Certain Economic Development Projects for Assistance to Central Treaty Organization":

"Because the availability of local resources was not adequately explored, grant and loan funds aggregating more than \$8 million were used for purposes other than those for which they were initially obligated and for financing imports which were not needed or could be produced in the recipient country. Furthermore, the economic feasibility of the three projects for which the funds were obligated was dubious and, as conditions existed at the time of our review, there was no assurance that two of the three projects involved would ever be completed.

"In light of the foregoing findings, we suggested certain basic policy guides for consideration by the Agency. The Agency expressed agreement with the principles of our proposals but claimed that the origin and objectives of the projects were primarily political and that its decisions and actions in the implementation of the projects were concerned principally with the achievement of political success.

"The annual program presentations of the Congress on three of the projects did not fully disclose the unusual circumstances and the problems which have attended the projects. Moreover the presentations were incomplete and inaccurate and indicated that the aid provided to these projects was more effective than was actually the case. We are repeating our recommendation made in previous similar instances, that the Agency make more informative, clear, and accurate disclosure of significant data in annual program presentations."

On March 12, 1964, a report was sent to Congress on "Unnecessary or Premature Procurement of Sidewinder Missile Training Systems and Their Delivery to Foreign Countries Under the Military Assistance Program." It said in part:

"Tow target systems costing in excess of \$1 million, designed for training pilots in the use of Sidewinder missiles, were unnecessarily or prematurely delivered to 11 foreign countries because responsible Department of Defense agencies had not given consideration to the countries' inability or unwillingness to use the systems. Six countries were unwilling to use the tow target systems for reasons of safety and cost, and five countries did not have the equipment, missiles, or test programs to enable them to use the tow targets at the time of delivery. An additional \$240,000 had been expended by the Air Force for tow targets for which no firm requirement existed and which were never delivered under the military assistance program. These targets were still in storage at the time of our review.

"In commenting on our findings and proposals, the Department of the Air Force advised us that action had already been taken or was underway to recover the excess equipment in six countries and that no immediate action was proposed in five countries because utilization had been planned.

"With regard to the procurement of unneeded tow targets that were never delivered to recipient countries and are now in storage, inasmuch as the Department of the Air Force failed to comment on our finding, we are recommending that the Secretary of Defense require that an appropriate inquiry be made to determine the reasons for the overprocurement and which persons were responsible so that appropriate corrective and disciplinary measures may be taken.

"Our reports on the military assistance program over the past 7 years have shown that a basic deficiency in the administration of

the program has been the failure of the Department of Defense to limit materiel deliveries in accordance with the capability of the recipient countries to maintain and utilize equipment even though this is required by the Department's own regulations. Accordingly, we have recommended to the Secretary of Defense that these regulations be strengthened by requiring that future deliveries of major end items included in approved military assistance programs be made only upon a written certification by the chief of the Military Assistance Advisory Group based on a specific determination that the recipient country has the necessary capability to effectively absorb, maintain, and utilize the item to be delivered.

"The Department of Defense has disagreed with our recommendations and has maintained that, under current directives, the Military Assistance Advisory Group chiefs have the continuing responsibility for screening undelivered military assistance program materiel and for taking timely cancellation or deferral action where delivery of materiel is not consistent with host country capability to absorb, maintain, and utilize the equipment. The Department of Defense maintained also that certification by the Military Assistance Group chief would serve no significant useful purpose.

"We believe that such a certification requirement would encourage a current reappraisal of the need for the equipment and the country's capability to maintain and utilize it before it is delivered and would help to prevent future deliveries of military assistance program materiel in excess of the country's capability to effectively absorb, maintain, and utilize the items delivered. Military assistance program materiel has continued to be delivered for a number of years to countries which cannot effectively absorb, maintain, or utilize the equipment and has been the subject of numerous reports to the Congress and the Secretary of Defense, even though during that time the Military Assistance Advisory Groups have been charged with the responsibility of preventing this from occurring. We therefore believe that affirmative action by the Military Assistance Advisory Group chief before delivery should be required.

"In view of the position of the Department of Defense with respect to this matter, the Congress may wish to consider the enactment of legislation requiring additional safeguards before delivery of military assistance program materiel. We shall be pleased to assist in drafting such legislation if desired."

Certainly the inclusion of legislation along this line must be considered at the next drafting of foreign aid legislation.

On June 17, 1964, a report was received on "Ineffective Administration of U.S. Assistance to Children's Hospital in Poland." It said in summary:

"Our examination into U.S. assistance to a children's hospital in Poland, for which about \$2.2 million in dollars and the equivalent of \$3.3 million in United States-owned Polish currency has been appropriated, disclosed an almost complete lack of U.S. Government surveillance of project activities. Consequently, U.S. officials were not aware of certain unfavorable financial and operational factors attending this project.

"We found that cost estimates submitted to the Agency for International Development did not include supporting details and that the Agency had not made a proper review and evaluation of the estimates. We found also that (1) the Agency disbursed more funds to the private sponsor of the hospital than were provided for in the original grant agreement; (2) the sponsor had incurred costs in excess of the maximum amount provided for in the original grant agreement and in excess of the erroneous amount disbursed by the Agency; and (3) the sponsor continued to incur costs even though all avail-

able funds were exhausted. We found further that the hospital may not be adequately staffed for effective operation at the time of its completion. We believe that this loose administration was caused in good part by a failure to define Agency responsibility.

"The Agency made a commitment in August 1961 to finance the local currency costs of constructing the hospital on the condition that the sponsor would attempt to raise from private contributions in the United States the dollar funds required for certain material and equipment not available in Poland. The Agency made this commitment in the face of overwhelming evidence at the time that the sponsor would not be able to raise the dollar funds and that U.S. Government dollar financing would ultimately be necessary to complete the hospital. As far as we could determine, the Agency did not present this matter for the consideration of the Congress prior to making the commitment.

"At the time of our review, construction was well underway with Polish currency made available by the Agency but the sponsor had raised only a fraction of the dollar requirement and reported that no prospect existed for raising the dollars. Consequently, in order to complete the hospital, the Agency requested \$2.2 million in dollars for the hospital in its fiscal year 1964 budget presentation to the Congress. The request was made, notwithstanding the then existing prohibition against giving dollar aid to Communist countries. The funds were appropriated in the Foreign Aid and Related Agencies Appropriation Act, 1964, approved January 6, 1964.

"In requesting funds for the hospital in its budget presentations to the Congress for fiscal years 1963 and 1964, the Agency did not disclose the unusual circumstances and problems which have attended this project, as described in our report, and furnished incomplete and inaccurate information regarding some of the financial and operational aspects of the project. Also, because the dollars were not available when needed, completion of the hospital will undoubtedly be delayed considerably beyond its scheduled date.

"The comments of the Agency for International Development, concurred in by the Department of State, reflected general disagreement with our findings and conclusions. After an analysis of these comments and further review of files and records, however, we concluded that the Agency had

presented no information which would cause a significant change in our basic report with respect to our presentation of the facts or the conclusions drawn.

"We believe that, in addition to the corrective actions cited in the report, it is incumbent on the Agency for International Development to take steps to assure that arrangements have been worked out for adequate staffing of the hospital. Also, we are again recommending that future annual foreign aid budget presentations to the Congress describe projects and other significant activities in such clarity and specifics as will facilitate a full and correct understanding by the Congress of their scope, status, and administration."

On June 29, Congress received a report on "Deficiencies in Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile." It said in summary:

"On the basis of our review of projects financed under the reconstruction and rehabilitation program in Chile following the earthquakes in May 1960, we believe that serious problems were encountered because the Agency for International Development did not adhere to accepted standards of programming and project planning for the large number of projects included in such a vast program.

"For the most part, no meaningful review was made of the Government of Chile's plans, specifications, and cost estimates for the projects undertaken. The Agency did not adjust the size and makeup of its mission staff to meet the tremendous expansion of assistance to Chile under the earthquake program. Also, appropriate consideration was not given to the abilities of the various agencies of the Government of Chile to carry out their part of the program. As a result, serious cost overruns and delays occurred in many projects and a number of projects had not been completed, or in some cases had not been started, some 3 years after the earthquakes and substantially after their estimated completion dates.

"For a substantial part of calendar year 1962, the maximum rate of exchange was not obtained for dollars disbursed under the earthquake reconstruction program. The resulting loss to the earthquake program was estimated to be in excess of 26 million Chilean escudos, the equivalent of \$13.8 million on a most conservative basis. As a practical matter, it can be said that earthquake reconstruction funds were used for a period

of time to subsidize and help maintain the Chilean escudo at a rate that was known to be overvalued in relation to the dollar.

"Despite the disbursement of large sums in calendar years 1961 and 1962 under this program, Chile imports from the United States declined in those years, both in dollar value and in relation to total imports. Also, we noted that several earthquake reconstruction projects were adversely affected because of Chile's shortage of foreign exchange, despite the fact that \$120 million was being supplied under the earthquake program, and the amount of foreign exchange required for earthquake projects was relatively minor. We are recommending that, in future agreements providing dollar financing for projects or programs consisting principally of local currency costs, adequate provision be made requiring the utilization of the dollars so provided for any direct foreign exchange costs of the specific projects or programs being financed.

"To the extent deemed appropriate, the comments of the Agency on our findings have been included in this report. The Agency's comments on the exchange rate matter, together with our evaluation of such comments, are contained in a supplementary report which has been classified as 'confidential'."

In May, two more reports were received. They concerned waste in the military aid programs to Indonesia and Ethiopia, and both were marked "classified."

This year's reports on foreign aid are only typical of those Congress receives every year. The answer always comes back: "Some waste must be expected in a program of this size." But I do not know of any Federal program of any size where so much known waste of money continues with so little action being taken to stop it. So long as these critical reports on foreign aid come in from the General Accounting Office, I shall continue seeking to reduce and tighten the program.

CONCLUSION

On the basis of the foregoing discussion and other information which cannot be made public, I am recommending cuts totaling \$466,700,000 less than the figures approved by the Committee on Foreign Relations. This would bring the overall foreign aid authorization to the \$3 billion level of new money which was appropriated last year. The following table gives the statistical details of my proposal:

	Appropriation, fiscal year 1964	Administration appropriation request, 1965	House appropriation bill	Senate Foreign Relations Committee	Reduction by Senate com- mittee from administration request	Recommended further cuts	Recommended Senate authorization
Pt. I. Economic:							
Ch. 2. Development assistance:							
Title I: Development loans.....	\$687,300,000	\$922,200,000	\$782,200,000	(1)	-----	\$140,000,000	\$782,200,000
Title II:							
Technical cooperation, development grants.....	155,000,000	224,600,000	204,600,000	\$215,000,000	\$9,600,000	-----	215,000,000
American schools and hospitals.....	19,000,000	18,000,000	18,000,000	18,000,000	-----	-----	18,000,000
Title IV: Surveys of investment opportunities.....	(1)	2,100,000	2,100,000	2,000,000	100,000	-----	2,000,000
Title VI:							
Alliance for Progress loans.....	375,000,000	465,000,000	425,000,000	(1)	-----	80,000,000	385,000,000
Alliance for Progress grants.....	80,000,000	85,000,000	85,000,000	85,000,000	-----	5,000,000	80,000,000
Ch. 3. International organizations.....	116,000,000	134,400,000	134,272,400	134,400,000	-----	-----	134,400,000
Ch. 4. Supporting assistance.....	330,000,000	405,000,000	405,000,000	374,700,000	30,300,000	11,700,000	363,000,000
Ch. 5. Contingency fund.....	50,000,000	150,000,000	150,000,000	150,000,000	-----	50,000,000	100,000,000
Pt. II. Military.....	1,000,000,000	1,055,000,000	1,055,000,000	1,045,000,000	10,000,000	180,000,000	865,000,000
Pt. III. Administrative expenses:							
AID.....	50,000,000	52,500,000	52,500,000	52,500,000	-----	-----	52,500,000
State Department.....	2,700,000	2,900,000	2,900,000	(1)	-----	-----	2,900,000
Pt. IV. Other laws: Latin American development.....	135,000,000	-----	-----	-----	-----	-----	-----
Total.....	3,000,000,000	3,516,700,000	3,316,572,400	2,076,600,000	50,000,000	466,700,000	3,000,000,000

¹ Previously authorized.

It will be noted that in virtually every category but military assistance my recommended figures exceed the amounts appropriated for fiscal year 1964. The fact of this excess should counter the tortuous argument for increases based on carryovers, deobligations, and so forth—an argument which plagues and distorts our debates on the subject of foreign aid each and every year.

Needless to say, I am convinced that any authorization for a foreign aid program of more than \$3 billion is not in the national interest, and is actually inimical to the individual American taxpayer.

Mr. MORSE. I shall not take the time to discuss the report. It speaks for itself. I set out some of my major objections to the foreign aid program in 1964. The chairman of the Foreign Relations Committee, in filing the report for the majority, admitted my case and pointed out that the objections should be faced up to by the administration; that if something was not done to correct them, the administration would be in trouble in connection with future foreign aid bills. The administration did nothing about correcting the deficiency which the chairman of the Foreign Relations Committee admitted should be corrected, and so we have him back again this year, speaking for the majority, again saying to the administration, in effect, "You ought to do something about it. If you do not do something about it, you will be in trouble in the future." That is passing the buck to the administration.

The Foreign Relations Committee of the Senate has the responsibility of doing its own investigating of foreign aid in behalf of the Senate. Its conference report should be repudiated. The committee should be told to go back to conference, try to get an extension of foreign aid by way of a continuing resolution, set up its own investigating body, and proceed to get this job of investigating foreign aid done before the administration comes in with another bill.

I close by saying that once again I find myself in the very unhappy position of standing with a small minority in the Senate, pleading for the Senate to assume what I think is its clear responsibility of checking the administration in connection with the wasteful and inefficient foreign aid program with which it continues to shackle the American taxpayers. I would much rather find myself with the majority. Some day I hope to be with the majority on this issue. But I shall never be with the majority until the majority of the Senate proceeds to perform the responsibility which is clearly its job, and that is to stop transferring to the executive branch of the Government the responsibility of cleaning up foreign aid by conducting our own Senate investigation if we cannot persuade the House to join us in a joint investigation, and bringing in next year a revised and reformed foreign aid program that all of us can support with enthusiasm. That is my hope, and to that end I intend, so long as it is necessary, to raise my voice in opposition to the present format of foreign aid.

I yield the floor.

Mr. DODD obtained the floor.

Mr. MANSFIELD. Will the Senator yield?

Mr. DODD. I yield.

Mr. MANSFIELD. Mr. President, I understand the distinguished Senator has a statement which will take approximately 10 minutes.

Mr. DODD. Fifteen minutes.

Mr. MANSFIELD. I ask unanimous consent that at the conclusion of the statement of the distinguished Senator from Connecticut, the Senate vote on the conference report.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I shall refer briefly to the conference report. I have looked it over, and do not find the language which we adopted in this Chamber by a vote of 73 to 13. As I remember, this language reads something like this: "That so long as Egypt and Indonesia continued their aggression against other countries, subject to the discretion of the President, no money under the program would be made available to them."

I do not find that language in the conference report.

In more than 10 years in Congress, I have voted for every foreign aid bill. I shall not vote for this one, since this language has been taken out. I have seen what has happened over the years. I remember when we offered restrictive amendments about Communist aggression, and the argument was made in reply, "We will leave that up to the President."

We have now evidently reached the point where even the President will not be able to decide. Unless the language which was stricken is put back in the conference report, I shall not vote for it, and I do not believe the American people would vote for it.

Mr. President, with unanimous consent, I would like to continue my remarks on the Dominican Republic.

The PRESIDING OFFICER. The Senator from Connecticut is further recognized.

A REPLY TO SENATOR FULBRIGHT ON THE DOMINICAN REPUBLIC

Mr. DODD. Mr. President, yesterday I took the floor of the Senate to point out that a recent publication of the Senate Foreign Relations Committee entitled "Background Information Relating to the Dominican Republic," had been heavily slanted against the administration through a one-sided selection of press quotations and documentation.

Among other things, I pointed out that the chronology had quoted exclusively from press sources that were critical of administration policy and had completely ignored the hundreds of newspaper articles by veteran correspondents and by columnists of national reputation which in general vindicated the administration's decision to intervene in the Dominican Republic; that it had ignored the statement supporting the administration's action issued by the AFL-CIO and by Conatrol, the major Dominican Labor Federation, as well as by the inter-

American Regional Organization of Workers; and that it had completely ignored the report of the OAS Special Committee on the Dominican Crisis and the minutes of the OAS meeting at which the committee had submitted its report.

I think that anyone who takes the trouble to read my statement will agree that my remarks were carefully documented and that they in no sense constituted an ad hominem attack.

I did not at any point refer to any Senator directly or indirectly, nor did I attempt to assign any blame for the unfortunate one-sidedness of the presentation.

I did ask that the staff of the Foreign Relations Committee be instructed, in preparing such future studies "to bring together all pertinent documents and not merely selected documents, and to select their press quotations in a manner that presents both viewpoints, or all viewpoints, rather than just one viewpoint."

I do not think that anyone can construe this very modest recommendation as a blanket condemnation or blanket criticism of the Foreign Relations Committee staff. I believe that this staff is competent and dedicated and I have the highest regard for its members. But this in no way mitigates the fact that a serious mistake was made.

I avoided all personal references for the simple reason that I did not in any way consider this a personal issue.

A document had gone out to Members of Congress and to newspapermen and reference libraries across the country which was bound to become part of the historical record of our time.

This document was demonstrably and grievously one-sided.

I considered it my duty as a Senator to attempt to redress the balance of the historical record by presenting to Congress a brief review of some of the most important press items that had been ignored by the report and of some of the critical documents that had been omitted.

I, therefore, regret that my colleague, the distinguished Senator from Arkansas, saw fit to respond to my presentation yesterday afternoon by completely ignoring the substance of my speech and by launching into a personal criticism of me in an effort to undercut my credibility.

I intend to reply to the charges of the Senator from Arkansas in the course of my further remarks. But let me say at this juncture that, even if every one of them were true and valid, which they are not, they would still constitute no reply to the points I made in my statement of yesterday morning.

The Senator did not challenge my statement that the report had quoted exclusively from newspaper sources that were bitterly critical of the administration's actions—the New York Times, and New York Herald Tribune, and Washington Post, and several European publications which I named.

I read this over this morning and, to be exact, of 102 quotations from the press covering the period from April 24,

1965, until the end of the chronology, 90 quotations came from the Times, Tribune, and Post, while 12 others were culled from papers like the London Times, and LeMonde of Paris.

The Senator from Arkansas did not challenge my statement that the study completely ignored the hundreds of articles by newspapermen and columnists of national reputation which in general substantiated the administration's version of events.

He did not challenge my statement that the report had completely omitted mentioning the two single most important documents put out by the OAS in connection with the Dominican uprising—the report of the OAS Special Committee and the minutes of the meeting at which this report was presented.

He did not challenge my statement that the report had ignored the resolutions adopted by the AFL-CIO, Conatrol, and the Inter-American Regional Organization of Workers.

To give Senators an idea of just how badly the entire report was slanted through the simple mechanism of selective quotations, I want to take just one example of the press quotations in the report and contrast it with reality.

The report quoted the London Observer for May 2, 1965 as follows:

What is * * * unprecedented is the unanimous condemnation of U.S. intervention by the Governments of Latin America, whatever their political complexion, with Mexico and Chile in the lead. Notable among the complainants is Venezuela, whose Foreign Minister summoned the U.S. Ambassador to receive an official protest. (Observer, London, May 2, 1965.)

The charge that the Latin American Governments were virtually unanimously opposed to our intervention in the Dominican Republic, is made nonsense of by the fact that the five-man OAS Committee, which investigated the situation, agreed unanimously that law and order had broken down completely at the point where we intervened and that there was a serious danger of a Castro Communist takeover. They also reported that this was the view of the many Latin American diplomats in Santo Domingo with whom they discussed the situation.

On this point I would again urge Senators to read the minutes of the OAS meeting of May 5, which I inserted into the Record and from which I quoted extensively in my remarks of yesterday.

Incidentally, I think it worthy of note that the New York Times and other newspapers which were so bitterly critical of our intervention in the Dominican Republic also saw fit to ignore the report of the OAS Special Committee.

In replying to my remarks, the chairman of the Foreign Relations Committee made the point that I had attended only 1 of the 13 meetings of the committee which took executive testimony on the situation in the Dominican Republic.

I consider this reply to be both irrelevant and evasive.

Even if I were not a member of the Foreign Relations Committee, or if, as a member of the committee I have failed

to attend a single meeting, it would in no way affect the validity or invalidity of my criticism of what the study says.

However, since the Senator raised this matter, I would like to comment briefly on it.

I am a member of three major committees of the Senate—the Foreign Relations Committee, the Judiciary Committee, and the Space Committee. In addition, I am the chairman of the Senate Subcommittee on Juvenile Delinquency, the vice chairman and chairman of the Senate Subcommittee on Internal Security, and a member of the Subcommittee on Antitrust and Monopoly, the Subcommittee on Constitutional Amendments, and the Trading with the Enemy Subcommittee.

I believe that the record will show that I have presided over as many committee hearings, or almost as many committee hearings, as any other Member of the Senate. I try hard to be diligent about my committee duties, but there are so many committee meetings that it is humanly impossible to attend all of them.

I am sure that many Senators feel the same way about it as I do. And I believe that the Committee on Reorganization, under the chairmanship of the distinguished Senator from Oklahoma [Mr. MONRONEY], might do well to look into this situation with a view to seeing whether some better system cannot be devised.

As for the charge that I have not troubled to examine the transcript of the committee's hearings on the Dominican Republic, I believe that this, too, is irrelevant and evasive.

The charge, however, gives me an opportunity to discuss an aspect of the committee's functions which has troubled me and other members.

Under the committee's regulations, a Senator who wishes to read the record of any executive session at which any top secret matter has been discussed cannot have this record sent to his office, but must instead go to the Foreign Relations Committee Room during office hours, sit himself down at a table, cut off from all contact with his own office, and there go through a record that may require as much as several hours reading.

Like most Members of the Senate, I am obliged to do my serious reading after the day's session adjourns. To deny members of any committee access to documents is a serious matter. And it is my contention that the present rules of the Foreign Relations Committee have the effect of denying us access, or seriously limiting our access to those documents which the committee considers confidential.

Actually, I believe that the business of classification is greatly overdone. It has been my experience that 90 to 95 percent of the information at our executive sessions has already appeared in the press and what has not appeared in the press at the time of the meeting generally turns up in print a few days or a week later.

As my final point, I want to comment

on the Senator's statement that the material in the study on the Dominican Republic crisis was collected by the Legislative Reference Service and by the State Department as well as by the committee staff.

I, too, use the Legislative Reference Service in compiling information that I may need for statements. But since I must assume final responsibility for any statement or document that originates in my own office, I try to have my own staff do an independent job of research so that they can check their findings against those of the Library of Congress.

If the criticisms I have made of the Dominican study are valid, then it is completely irrelevant whether the Legislative Reference Service or any other Government agency was involved in gathering the material for it.

The only fact that matters is that, somehow, a report was issued under the auspices of the Foreign Relations Committee which turned out to be prejudiced and one sided in content.

For this the committee cannot escape responsibility.

All I ask is that the study be read. I shall leave the decision as to who is right up to any fairminded man who takes the time to read that study.

I did not charge anything willful or sinister. I think that a mistake has been made here, but it is a kind of historical mistake when this study goes out across the country, into the libraries and reference files.

I felt that it was my duty to make a record on it, and point out that this study was slanted and one sided, and that it left out all columnists and journalists and commentators who wrote in an entirely different vein.

If a report of this kind is to be given to the Senate, we ought to get all views and not merely one side.

Out of 102 press comments, we get 90 from the newspapers that have been notoriously against the administration policy. The other 12 are from European newspapers which were also opposed to our policy.

We do not get any quotations from American newspapers which have reported in a manner which supported the administration.

I ask any Senator how we can consider that that is a fair study of accurate reporting or editorializing on the Dominican Republic situation.

That is why I have made this statement today.

I shall not withdraw my statement.

I stand by it.

I am glad that I made it.

I shall make a statement on every occasion when I believe that the public interest requires me to do so, and when my conscience requires me to do so.

All I ask is that I receive fair treatment.

I do not believe that it is fair to make a personal attack on me because I dare to say what I think is right about a committee study.

Mr. President, I yield the floor.

The PRESIDING OFFICER. In accordance with the previous order, the vote must now be taken on the pending question.

Mr. FULBRIGHT. Mr. President, I should like to be given an opportunity to reply.

The PRESIDING OFFICER. The Chair has no discretion in the matter.

Mr. DODD. Mr. President, I ask unanimous consent that the Senator from Arkansas may have whatever time he needs.

The PRESIDING OFFICER. The previous order was to the effect that the vote would be taken upon the conclusion of the remarks of the Senator from Connecticut.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the previous order be extended for 5 minutes so that the Senator from Arkansas may reply, and that then a vote be taken.

Mr. DODD. If that is acceptable to the Senator from Arkansas, it is agreeable to me.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, we have been listening for a considerable time, or at least, some have, to talk about this report.

I do not wish to argue with the Senator from Connecticut. My statement was not a personal attack. It was an observation on the validity of his charges against the Committee on Foreign Relations.

It is most unusual that Senators who seldom attend the committee meetings are so free with their criticism of the committee.

The Senator talks about the report of the committee. It was not a report. What he referred to is a committee print entitled "Background Information Relating to the Dominican Republic." It is not a report but is an informational document. It expresses no opinions and reaches no conclusions.

Among other statements it contains several made by President Johnson. Such statements are normally taken from various newspapers.

There was a meeting of the committee which the Senator from Connecticut did not attend. At this meeting we discussed whether or not we should cull reports from various newspapers. We also asked the Ambassador to the Dominican Republic whether he thought any of the reporters were impartial and objective in their reporting. He said that there were those which he considered, at least, very much inclined to bias toward one side or the other side.

I believe that he mentioned two or three that he would possibly consider as being impartial.

Later the committee considered whether or not we should call these reporters as witnesses. We concluded that we should not call any, because if we started to call any of them, there would be no end to it. It would have put this committee in this position of having to pick and choose which were to testify. So we did not call any of the reporters. As I said before, all the witnesses whom we called with one exception, were ad-

ministration witnesses. The exception was Luis Muñoz Marín, former Governor of Puerto Rico, who is quite friendly to the administration. His testimony certainly was not inimical to the position of the administration. There are 760 pages of testimony in all.

There was nothing personal meant by my statement. It was only a rejoinder to the Senator's statement. I did not initiate the matter. I did not say anything about the Senator from Connecticut never attending a meeting. I know that he has many other meetings and I regret that we do not have the benefit of his attendance at more of our meetings.

The fact is that he does not attend our meetings often, because he is burdened with other committee meetings, as are other Senators.

My statement does not pertain only to the Senator from Connecticut. About half the Senators are unable to attend the meetings as a rule. I doubt if half of them attend 50 percent of the meetings. They have too many other meetings that they must attend. I have been unable to understand why Senators ask me and the leadership to get appointed to the Committee on Foreign Relations and then they seldom put in an appearance. It is well known that we have trouble obtaining a physical quorum at the committee meetings.

The committee work does not deal with the immediate affairs of constituents. I support, but for reasons unknown to me, some Senators must view this committee assignment as carrying a certain amount of prestige with it. Otherwise, I do not know why they would want to be on the committee. Many do not attend the meetings regularly. That is, of course, no reflection on any Senator. The demands on a Senator's time today are a fact of life which we all recognize.

I believe that if the Senator from Connecticut had been present at the committee meetings he would have been in a better position to determine whether the committee approached this whole subject from a biased or antiadministration viewpoint.

The document which has been discussed is a compilation of background information collected, as has already been stated, by the Legislative Reference Service of the Library of Congress, the Department of State, and the committee staff.

The Senator says that the committee staff is all right on the one hand, that it is a good staff; but, on the other hand, he says that the staff exercised no judgment in the selection of the materials.

I do not believe that is true. I doubt that anyone who read the study would agree with that statement.

The Senator made reference to an OAS report. There have been several reports by OAS groups. I do not know which one the Senator had in mind. I do know of the report issued by the Special Committee of the OAS which was printed by the Internal Security Subcommittee. The introduction to the publication containing this report stated that the committee's report supported the conclusion that the United States had to intervene

to prevent the spread of communism in Latin America.

I read that OAS report, which was included in the Internal Security Subcommittee publication. The report cited said no such thing. It made no reference to communism or subversion. The OAS Committee did not comment on the matter at all or say that they agreed or disagreed with any view as to Communist domination of the revolution.

The report did state that law and order had broken down. We all knew that. There has been no dispute concerning that. But the OAS Committee did not comment on the justification for our intervention as the introduction states.

In the Foreign Relations Committee, there have been some questions as to the extent which the Communists dominated the revolution in the early days—April 24, 25, and 26. There was a difference of opinion among the members, but there has been no report issued on the question. I doubt that there will be any report, because of the difference of opinion.

This is a difficult committee to manage. The legislation it handles is often very unpopular. For example, there is a convention on the Executive Calendar, which the leadership feels must be laid aside. We must handle the foreign aid bill—usually the most criticized bill of all measures coming before the Senate each year.

It has held this Congress back from adjourning year after year. This is the first time in many years that it has reached the point it has today so early in the session.

Serving on the committee is not the kind of work one takes great pleasure in, and I do not like to hear the committee being judged by critics who do not attend meetings, except on rare occasions. I have to attend as chairman. Perhaps I do not have to; I could resign. I have thought of resigning. It may be a good idea. I shall give further thought to it. But I do not feel very good about the criticism of the work of the committee by Senators who rarely attend meetings. If the Senator does not like my saying that, that is his privilege. The fact is that those who do not attend its meetings should not criticize the committee's impartiality.

Mr. LAUSCHE. Mr. President, I am a member of the committee—

The PRESIDING OFFICER. Just a moment. Under the order—

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Ohio is recognized for 3 minutes.

Mr. LAUSCHE. Mr. President, I am a member of the Foreign Relations Committee. I attended substantially all the meetings that were held with regard to the Dominican Republic. In my judgment, the proof before that committee was clear that within 3 days after the violence broke out, groups connected with Peiping, Moscow, and Castro took over.

In the Dominican Republic the people of the United States were definitely

faced, unless we intervened, with the establishment of another Cuba on our shores.

In the hearings I took violent exception to efforts to develop a situation to show that this country was erroneously and wrongly in the Dominican Republic.

My conclusion, based upon what took place there, was that a methodical effort was made to prove that the United States improperly entered into the Dominican Republic.

A reading of the transcript will show that I violently opposed those efforts. Documents were prepared containing information in favor of those who said the United States was wrongly within that Republic. Arguments were made, quoting newspapers especially, to the effect that the United States was improperly in that country.

I recall asking if it was not a fact that one newspaper had labeled Castro as a Robin Hood, as a Lincoln. The same type of argument was made in the committee.

Then the question was raised, "Do you challenge the truth of the quotations in the newspapers? Are not the writers honorable? Are they not honest and of good reputation?"

My answer was that the man who said Castro was a Robin Hood and a Lincoln also had a good reputation and character, but the fact that he was a newspaperman did not make him infallible. Subsequent events proved that the writer who said Castro was a Lincoln and a Robin Hood was grossly in error, in error to the point that the damage done to the United States is beyond repair.

Whether or not the Senator from Connecticut was present, he has put his finger absolutely on the essence of what occurred.

Mr. MANSFIELD. Mr. President, I modify my previous unanimous-consent request, and ask that at the conclusion of the statements of the Senator from Rhode Island [Mr. PELL] and the Senator from California [Mr. KUCHEL], the Senate vote on the conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I should like to make, as part of the record of our consideration of the conference report on foreign aid, some observations relating to sections 214(b) and 214(c), which apply to schools and hospitals abroad.

On June 10, the Senate approved my amendment to the Senate version of the foreign aid bill, which would have increased the amount of assistance to such institutions by \$2 million, from \$7 million to \$9 million, in each of the next 2 fiscal years. Although I did not presume to earmark specific beneficiaries for the increased assistance, I did suggest two candidate applicants which seemed to me most worthy applicants. They were the Polish Children's Hospital at Krakow, Poland, and the Hadassah Hebrew University Medical Center in Jerusalem.

Regretably, the House conferees did not accept my amendment and the total amount of assistance provided under the act remains at \$7 million for the next 2 fiscal years. While there is therefore

no increased authorization that might allow the AID agency a little more latitude in considering new projects. I do hope the Agency will give full and fair consideration to the two worthy prospective applicants which I have noted.

In particular, I am informed by AID that they should be able to provide \$175,000 desired for a feasibility study of an expansion of the Krakow hospital—either from the \$7 million authorized by section 214(c) or from some other source. In view of this assurance, I do hope that the Agency now will make an administrative determination to proceed with this feasibility study.

Mr. KUCHEL. Mr. President, the foreign aid program of the United States continues to be of great concern to many Americans. As a U.S. Senator I share their concern. I am convinced that some kind of foreign aid program is in the national interest, but I feel disturbed with some of the program as conducted under the Foreign Assistance Act of 1961, as amended. Furthermore, I believe that Congress has a clear duty to aid in the development of our Nation's foreign policy, including foreign aid. I support the proposals made by Congress this year because I believed very strongly that there is reflected in the current legislation a remedy for some of the more frustrating aspects of previous legislation.

The administration sought \$3,457,670,000 for fiscal year 1965-66. The actual amount now agreed to by the House-Senate conferees would authorize \$2,094,195,000, but a limitation of \$3,360 million was placed on the foreign aid authorization for fiscal year 1966 which means the administration has received \$97,670,000 less than it requested in March. Foreign aid still has to survive the actual appropriations process.

When the authorizing legislation was before the Senate, I supported the establishment of the Foreign Air Planning Committee. This Committee was to have reported to the President its findings and recommendations no later than July 1, 1966, for a fresh new and more effective approach to foreign aid. The make-up of this Committee was to reflect the responsibility the Congress feels for involvement in foreign policy, hence, two-thirds of the Committee membership were to be from the Congress. I regret that the conferees did not see fit to approve this provision.

Frustration over some well-publicized failures should not cause us to overlook the many successes of the program such as the Marshall plan which kept Western Europe out of the clutches of the Communists. Our aid to India and Latin American nations have enabled people to develop their resources, to progress, and to withstand communism whether it be of the Soviet, Chinese, or Castro type.

None should forget that approximately one-third of our foreign aid is of a military nature. Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff, testifying before the Senate Committee on Foreign Relations said:

I consider this program (foreign aid) an integral part of our national military

strategy and feel a personal responsibility to support this program as an essential complement to our own national military programs.

I associate myself fully with General Wheeler's view.

This year Congress urged the United States to encourage other free world nations to increase their assistance programs, and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations.

I am in total agreement with that portion of the foreign aid bill which expresses the sense of Congress that assistance to any country should be ended if appropriate measures are not taken by that country to prevent mob action against U.S. property in that country and that aid should not be resumed unless the foreign government concerned has taken, in the judgment of the President, appropriate measures to prevent a recurrence.

As you perhaps know, I have opposed all administration attempts to amend the Battle Act to permit economic assistance to Communist satellites. I helped draft the section imposing economic sanctions on Cuba and providing American assistance only to "free, friendly nations." I have coauthored legislation designed to withhold aid from any aggressor nation. An amendment I successfully offered to a previous year's foreign aid bill provides that American nationals will be given preference to those from a third country in securing jobs on AID projects overseas. In addition, I have worked in the Senate to prevent various nations from harassing American fishing vessels who ply their trade on the high seas.

Thus, it was that I studied most carefully and cast my vote on the Foreign Assistance Act of 1965 which passed the Senate on June 14. I respect very much the nonpartisan tradition of foreign aid discussion. The spirit which characterizes such discussion imparts added strength to this vital program. Largely because of it, the world has made great strides against the forces of political and economic tyranny. This spirit prevails as Congress endeavors to root out the inefficiencies and failures which have occurred in our AID program in the past. This year, conscious of the acute crisis over the U.S. gold reserves, the tax burden upon citizens caused in great part by the darkening clouds which hang over the world, the Senate took, I feel, significant steps to improve our foreign aid program. I supported these measures, as did most of my fellow Republicans.

Thanks to the established success of the Marshall plan in western Europe, these nations can—and should—gradually move toward assuming more of the aid burden from the United States. This must occur. We can move forward in this direction within the realm of economic development aid. Organizations such as the International Development Association, the International Finance Corporation and the International Bank for Reconstruction and Development provide the structure through which a sharing of the aid burden may come about.

This year of the total aid recommended by the Senate Committee on Foreign Relations, almost one-third will go toward economic development assistance. Of this one-third, I have supported an increase in the limitation from 10 to 15 percent of the development loan funds which might be made available to these international development organizations. I voted against amendments offered by Senator GRUENING and Senator LAUSCHE which would have cut the proposed allocation by 10 percent and by 5 percent respectively. Both amendments were defeated. I am delighted the conferees agreed with the position which I and a majority of the Senate took on this issue.

I voted to increase the allocation to these organizations from the development assistance section of the bill for a number of reasons. In the long run, by sharing the foreign aid burden which can effectively be done through these agencies, American citizens will bear less of the tax burden for foreign aid in the world. The allocations would go to organizations where our country retains authority and influence, and is in a position to influence the expenditures of these funds. Given the degree of patriotic nationalism of the peoples of underdeveloped nations, multilateral aid projects can perhaps go further toward softening the suspicions of imperialism among these people thus making foreign aid dollars more effective and successful. In the past, loans advanced by the agencies have been repayable and have in fact been repaid. Formosa is an example. The standards of financial integrity of these organizations are even higher than Congress has stipulated.

In particular, these funds would be directed for African and Asian economic development and for creating political stability and freedom in these troubled areas. The agencies' goals are virtually our own. The United States should make this move toward sharing the burden of economic development with other major world powers. The results, as this multilateralization grows, would be a diminishing of the American taxpayer's heavy burden.

I wholeheartedly supported an amendment sponsored by Senator FULBRIGHT which would allocate of the \$55 million available, \$25 million to the assistance of an inter-American military force, a force to be maintained on a cost-sharing basis. The amendment encourages joint military planning within the Organization of American States—OAS—on all security problems. The effect would be, ultimately, to reduce the burden carried by the United States in maintaining the unstable peace in Latin America while at the same time substitute an effective deterrent to those who challenge the democratic freedoms of this area. I am glad the conferees have agreed to this provision.

We cannot underestimate nor underestimate the precarious balance of freedoms which struggle to survive in Latin America. I voted against two amendments authored by Senator MORSE, as did the majority of my colleagues. I think their adoption would have damaged the cause of freedom in our own

hemisphere. One amendment would have reduced military aid to Latin America from \$55 million to \$40. Such a reduction would have seriously crippled our defense efforts in this hemisphere. It would have meant less funds for 20 Latin American countries, where internal security is an acute and continuing problem. The other Morse amendment would have reduced the Alliance for Progress authorization from \$600 to \$500 million. That was defeated 78 to 8. I think there is reason to be encouraged with the response to our foreign aid projects in the Southern Hemisphere, a response which justifies its continuance. But, I would be the first to say that much more must be done. Brazil, for example, is struggling, almost at the cost of political collapse, to achieve economic reforms through Alliance for Progress funds. In addition, of the \$600 million authorized in this bill, only \$75 million, as a result of the conference is in the form of grants. The rest would be issued in repayable loans.

When the Foreign Assistance Act of 1965 was before the Senate, Senators MORSE and CHURCH proposed amendments to reduce military assistance spending. The Church amendment would have reduced spending to last year's level which was the lowest level of military assistance spending in the history of our aid projects. I think it significant to note that one-half of U.S. military assistance goes to key countries such as South Vietnam, Korea, Turkey, Free China on Formosa, and Greece. To cut aid to these countries now would, in reality, only mean the necessity for a much greater American effort later. Witness, for example South Vietnam. The threat to these key countries is greater now than ever before. Amendments were proposed which would have limited assistance to 90 percent of the sum submitted in the briefing presentation for Pakistan, India, Jordan, Iran, and Ethiopia, Greece, and Turkey. The Senate overwhelmingly rejected these amendments. It was argued by some that in light of the war-like situation which existed between India and Pakistan and between Greece and Turkey, since our aid is used to abet these disputes, it should be reduced. I feel, however, that to reduce aid to these nations which border Communist countries is not in any way a method of solving disputes which might have arisen between allies. Such resolution and peaceful settlement must be sought through diplomatic channels. India and Pakistan represent the forefront of our defense in Asia. Greece and Turkey occupy equally key positions in the NATO Alliance in the Mediterranean area. Turkey's leadership will be decided in elections this fall, and troubled relations have made their outcome tenuous. It would be, in my judgment, very poor timing to announce a reduction in American assistance for these countries. In addition, internal instability plagues Greece. I believe that it is wrong, I might add, to establish the precedent of singling out by name countries who receive aid in this manner.

I am, however, anxious to assure that the aid is given where the rights and dignity of Americans and American property are respected. To further this end, I introduced an amendment to the effect that no assistance would be furnished to any country which extended its jurisdiction for fishing purposes beyond that recognized by the United States, and which imposed any penalty, or sanction against any U.S. fishing vessel on account of its fishing activities in such an area. I feel that such a stipulation is long overdue. Over 87 unprovoked incidents involving U.S. vessels off the coasts of South America had come to my attention. Unless these incidents of piracy and harassment are ended, foreign aid should not be extended to these unfriendly nations. The Senate, I am happy to say, approved my amendment by a roll call vote of 59 to 24. The Senate-House conferees agreed, I regret to say, to eliminate the rigid prohibition of my amendment and require, instead, that consideration be given to the behavior of recipients of our aid with respect to these problems in determining the nature and amount of aid to be provided. I hope this warning will be sufficient to prevent future incidents similar to the outrageous conduct of the past. The legislation which passed the Senate on June 14 authorized expenditures to extend over a period of 2 years, rather than on an annual review basis. The conferees have rejected this; however, they have expressed an interest in considering longer term authorizations, "taking into account the demands on the U.S. budget and the nature of the world situation next year."

I supported an amendment sponsored by Senators KENNEDY of New York and CLARK to include within the bill a stipulation that in this reevaluation, significant emphasis be given to an increased attempt at sharing with other nations economic development programs. The final bill further asserts that aid be withheld if American property damages have not been granted full restitution. I believe that this year's bill, as passed by the Senate took significant strides toward making U.S. aid more effective, in our goal of assisting in the creation of stability among those free nations who reject communism, and intend to keep their freedom.

As a member of the Senate Committee on Appropriations I intend to continue to work to eliminate inefficiencies in our AID program and for a forward-looking program. The Senate has recognized the need for change in the content of our aid effort. I hope that in the time we have between now and consideration of next year's authorizing legislation that study by the administration, by interested Americans, and by the Congress will occur in depth so that a comprehensive, effective program can be devised which will meet America's foreign policy needs in the latter half of the 1960's.

The PRESIDING OFFICER. The question is on agreeing to the conference report on H.R. 7750.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. McGEE] is absent on official business.

I further announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Minnesota [Mr. MCCARTHY], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], and the Senator from Wyoming [Mr. McGEE] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MILLER] is necessarily absent.

The Senator from California [Mr. MURPHY] is absent on official business.

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from California [Mr. MURPHY]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from California would vote "nay."

The result was announced—yeas 67, nays 27, as follows:

[No. 235 Leg.]

YEAS—67

Aiken	Hayden	Moss
Allott	Hickenlooper	Mundt
Anderson	Hill	Muskie
Bartlett	Holland	Nelson
Bass	Inouye	Neuberger
Bayh	Jackson	Pastore
Boggs	Javits	Pearson
Brewster	Kennedy, Mass.	Pell
Burdick	Kennedy, N.Y.	Prouty
Byrd, W. Va.	Kuchel	Proxmire
Cannon	Lausche	Randolph
Carlson	Long, Mo.	Ribicoff
Case	Long, La.	Saltonstall
Church	Magnuson	Scott
Cooper	Mansfield	Smathers
Dirksen	McGovern	Smith
Dominick	McIntyre	Symington
Douglas	McNamara	Tydings
Fong	Metcalf	Williams, N.J.
Fulbright	Mondale	Yarborough
Gore	Monroney	Young, Ohio
Hart	Montoya	
Hartke	Morton	

NAYS—27

Bennett	Fannin	Russell, S.C.
Bible	Gruening	Russell, Ga.
Byrd, Va.	Harris	Simpson
Cotton	Hruska	Stennis
Curtis	Jordan, N.C.	Talmadge
Dodd	Jordan, Idaho	Thurmond
Eastland	McClellan	Tower
Ellender	Morse	Williams, Del.
Ervin	Robertson	Young, N. Dak.

NOT VOTING—6

Clark	McGee	Murphy
McCarthy	Miller	Sparkman

So the conference report was agreed to.

ESTABLISHMENT OF A TRAFFIC BRANCH OF THE DISTRICT OF COLUMBIA COURT OF GENERAL SESSIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 607, Senate bill 2263.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2263) to establish a Traffic Branch of the District of Columbia Court of General Sessions.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered; and, without objection, the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 2, in the material after line 2, after "11-1203. Sessions," to strike out:

"11-1204. Clerk and other personnel.

"11-1205. Duties of the clerk regarding docket.

11-1206. Jurisdiction; powers."

And, in lieu thereof, to insert:

"11-1204. Jurisdiction; powers."

Beginning at the beginning of line 11, to strike out the "The chief judge of the court may assign any other judge of the court to serve temporarily in the Traffic Branch if he finds the work of the Traffic Branch requires the assignment." and insert "The chief judge of the court may, if he finds the work of the Traffic Branch will not be adversely affected thereby, assign any of the judges of the Traffic Branch to temporarily perform the duties of any of the other judges of the court. The chief judge of the court shall also have the authority to assign any of the other judges of the court to serve temporarily in the Traffic Branch if, in the opinion of the chief judge, the work of the Traffic Branch requires such assignment."; on page 3, after line 7, to strike out:

"§ 11-1204. Clerk and other personnel

"The judges of the Traffic Branch, with the approval of the chief judge of the District of Columbia Court of General Sessions, may appoint and remove a clerk and such other personnel as may be necessary for the operation of the Branch."

After line 13, to strike out:

"§ 11-1205. Duties of the clerk regarding docket

"The clerk serving in the Traffic Branch shall keep a separate docket for the Branch, in which he shall record the steps taken at stage of actions or proceedings instituted or conducted in the Branch."

At the beginning of line 19, to strike out "11-1206" and insert "11-1204"; on page 4, line 11, after the word "section", to strike out "11-1206" and insert "11-1204"; and in line 13, after the word "section", to strike out "11-1206" and insert "11-1204"; so as to make the bill read:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 11 of the District of Columbia Code is amended by adding immediately after chapter 11 of such title the following new chapter:

"CHAPTER 12—TRAFFIC BRANCH OF COURT OF GENERAL SESSIONS

"Sec.

"11-1201. Establishment of branch.

"11-1202. Judges; assignments.

"11-1203. Sessions.

"11-1204. Jurisdiction; powers.

"§ 11-1201. Establishment of branch

"The Traffic Branch of the District of Columbia Court of General Sessions is here-

by established as a branch in the criminal division of the court.

"§ 11-1202. Judges; assignments

"The Traffic Branch of the District of Columbia Court of General Sessions shall consist of two judges of the court, who shall serve in that branch during their tenure of office. The chief judge of the court may, if he finds the work of the Traffic Branch will not be adversely affected thereby, assign any of the judges of the Traffic Branch to temporarily perform the duties of any of the other judges of the court. The chief judge of the court shall also have the authority to assign any of the other judges of the court to serve temporarily in the Traffic Branch if, in the opinion of the chief judge, the work of the Traffic Branch requires such assignment.

"§ 11-1203. Sessions

"The Traffic Branch, with at least one judge in attendance, shall be open for the transaction of business every day of the year (including night sessions), except Saturday afternoons, Sundays, and legal holidays.

"§ 11-1204. Jurisdiction; powers

"The Traffic Branch and each judge sitting therein shall have the same jurisdiction over, and exercise the same powers in connection with, offenses arising out of violations of laws or regulations of the District of Columbia relating to the operation, licensing, registration, inspection, or parking of motor vehicles; the regulation and control of motor vehicle traffic; the issuance, suspension, or revocation of motor vehicle operating permits; and motor vehicle safety responsibility, as that lawfully had or exercised by the District of Columbia Court of General Sessions on the date immediately preceding the effective date of this section."

"SEC. 2. The Traffic Branch of the District of Columbia Court of General Sessions shall have jurisdiction over all offenses arising out of any such violations referred to in section 11-1204 of the District of Columbia Code pending in the Court of General Sessions on the effective date of section 11-1204 of the District of Columbia Code.

"SEC. 3. Section 11-904 of the District of Columbia Code is amended by striking out 'sections 11-1103' and inserting in lieu thereof 'sections 11-1103, 11-1203'.

"SEC. 4. (a) Subsection (a) of section 11-902 of the District of Columbia Code is amended by striking out 'fifteen associate judges' and inserting in lieu thereof 'twenty associate judges'.

"(b) Two of the judges appointed to the additional positions authorized by the amendment made by subsection (a) of this section to section 11-902 of the District of Columbia Code shall, during their tenures of office, serve as judges of the Traffic Branch of the Court of General Sessions.

"SEC. 5. The table of contents of part II of the District of Columbia Code, 'Judiciary and Judicial Procedure', is amended by inserting immediately after

"11. Domestic Relations Branch of Court of General Sessions----- 11-1101"

the following:

"12. Traffic Branch of Court of General Sessions----- 11-1201"

"SEC. 6. The amendment made by the first section of this Act shall become effective sixty days after the date of the enactment of this Act."

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to establish a traffic branch of

the District of Columbia court of general sessions and to provide for the appointment to such court of five additional judges."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 624), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of S. 2263 is to authorize the expansion of the District of Columbia court of general sessions from 15 associate judges to 20 associate judges and to establish a traffic branch in that court. The bill is designed to expedite the administration of criminal justice (thereby lending aid to the war on crime), to provide the citizens of the District of Columbia with swift civil justice, and to insure the prompt, adequate, and fair administration of traffic laws and regulations.

BACKGROUND OF THE LEGISLATION

The District of Columbia court of general sessions is a unique judicial institution, performing functions which would normally be handled by both municipal and State courts. It is charged with the dispensation of justice in criminal matters in the nature of misdemeanors and is authorized to hear most civil matters in which damages of up to \$10,000 are sought. It operates in two divisions, civil and criminal and is further organized into the landlord and tenant court, traffic court, the domestic relations branch, and the small claims and conciliation branch.

At the present time the District of Columbia court of general sessions is laboring under serious and substantial criminal and civil caseloads and docket delays. The best efforts of the chief judge and the members of the bench of that court have not diminished this problem, although short-term reductions of docket time have resulted from crash programs. The problems are systemic and result from the coincidence of a number of factors.

Since 1957, criminal activity in the District has developed from an alltime low to an alltime high in 1965. Each month reflects a new record in the number of criminal acts committed in the District of Columbia. A fair proportion of these are misdemeanors and find their way to the court of general sessions.

In the 88th Congress, legislation was enacted which increased the civil jurisdiction of the court of general sessions from cases seeking damages of up to \$3,000 to cases seeking damages up to \$10,000. Previously, jurisdiction in civil matters in excess of \$3,000 was vested in the U.S. District Court for the District of Columbia.

At the time the jurisdiction of the court of general sessions was increased the court was staffed with 16 judges, a chief judge, and 15 associate judges. This number had been set in 1956 and was unchanged by the 1963 amendments, even though extensive new jurisdiction was vested in the court and its business had increased substantially. Likewise, S. 1611, ordered by this committee to be favorably reported to the Senate, adds new duties to the functions of the court of general sessions.

Finally, as our downtown streets and arteries have become clogged with automobiles and a record number of drivers have been licensed to drive in the District of Columbia, the business of traffic court has reached such proportions that parties who would otherwise come before that court have either elected to forfeit collateral or have sought out the Office of the Corporation Counsel for administrative relief, causing that office to de-

vote a major portion of its time and manpower in functions which it was not designed to perform.

NEED FOR LEGISLATION

Hearings were held by the committee on August 3, 1965, on two bills, S. 2255, which provided for three additional judges for the court of general sessions but made no provision for the establishment of a traffic branch, and which was introduced by Senator BIBLE at the request of the Bar Association of the District of Columbia; and S. 2263, introduced by Senator MORSE. Testimony was received from the chief judge of the court of general sessions, the President of the Board of Commissioners, the District of Columbia Bar Association, the Traffic and Enforcement Committee, District of Columbia Advisory Board of the American Automobile Association, the Citizens' Traffic Board and the Washington Bar Association. The Department of Justice, in a report filed with the committee on August 5, 1965, supported an increase in the number of judges "because of the heavy workload in the court of general sessions."

All witnesses either supported S. 2263 or agreed with it in principle. On August 5, 1965, the committee unanimously ordered S. 2263 reported. To demonstrate the unanimity of the committee's full support and need for this bill, sponsored by Senator MORSE, all other members of the committee—Senators ALAN BIBLE, THOMAS MCINTYRE, ROBERT F. KENNEDY, JOSEPH D. TIDINGS, WINSTON L. PROURY, and PETER H. DOMINICK—requested to join on the bill as co-sponsors.

There was a very substantial increase in the business of the court during the fiscal year 1965; 235,335 new cases were filed in the Criminal and Civil Divisions—an increase of 9,403 cases over fiscal 1964. Fees, fines, and forfeitures totaled \$4,720,010.80—\$550,523.01 more than was received in the previous year. During the past 10 years there has been an increase of 61,169 or 35.08 percent in the number of cases filed in the court, and an increase of \$2,546,434.74 or 117.15 percent in fees, fines, and forfeitures.

In the Civil Division, 23,472 class GS (\$150 to \$10,000) cases were filed during the fiscal year as compared with 22,599 in the preceding year—an increase of 873 cases. This increase is due largely to the passage of Public Law 88-60, 88th Congress, effective January 1, 1963, increasing the civil jurisdiction of the court from \$3,000 to \$10,000. The U.S. District Court for the District of Columbia certified 329 cases to the Court of General Sessions for trial—67 more than in the fiscal year 1964.

There was a marked increase in the number of jury cases pending in the Civil Division June 30, 1965—3,333 as compared with 2,430 at the end of the previous fiscal year, or an increase of 903 cases. Many of these cases involve larger amounts of money and complex issues, requiring more trial time than those filed under the former jurisdictional limit. The time within which civil jury cases were being scheduled for pretrial conference and trial had increased to 6 months. In view of the large number of jury cases pending on the ready calendar, it is anticipated that the delay between joinder of issue, pretrial conference and trial will continue to increase, civil nonjury cases were being scheduled for trial within 2 months after joinder of issue.

CRIMINAL CASE BACKLOG

In the Criminal Division there were significant increases in all categories of cases, 81,307 new criminal cases were filed in fiscal year 1965, as compared with 78,925 in fiscal year 1964—an increase of 2,382 cases. Nonjury cases were being scheduled for immediate hearing, unless continuances were requested by counsel. Criminal jury cases were being scheduled for hearing within 1

month after request for jury trial. However, due to the necessity of giving priority to incarcerated defendants, some cases in which the defendants were on bond could not be reached on the daily assignment, resulting in a record backlog of pending criminal jury cases. Beginning in February 1965, additional judges were assigned to the Criminal Division to alleviate this situation and the criminal jury backlog was reduced to normal limits. However, this was accomplished at the expense of the civil jury calendar, which is now at an alltime high.

In the domestic relations branch the cumulative nature of the litigation continues to increase the daily workload. There were 296 more cases pending on June 30, 1965, than at the end of the last fiscal year, although the court had disposed of 247 more cases than in the previous year. As of June 30, 1965, contested cases were being scheduled for trial within 1 month after pretrial and uncontested cases within 3 weeks after joinder of issue. Collection and disbursements of support, maintenance, and alimony payments in both local and reciprocal enforcement of support cases totaled \$2,409,162.93—an increase of \$23,920.84 over the previous fiscal year.

TRAFFIC CASES INCREASE

The need for a separate traffic branch of the court, with two of the judges for such additional positions to be appointed to that branch was supported unanimously by all witnesses at the committee hearings. The witness for the Citizens' Traffic Board asserted that two traffic judges would be required—one for jury and one for nonjury cases in order to bring about swifter justice with a consistency of penalties. The District of Columbia Bar Association stated:

"Material benefits are to be secured by a continuity of service on the part of the judge assigned to traffic court. It would, therefore, be definitely in the interest of improving the administration of justice if * * * the judges selected for these additional vacancies would be selected for his interest in, his knowledge of, and his willingness to serve in the traffic branch of the court. Such service would achieve not only a degree of continuity, but also a degree of equality of justice which is not always available when judicial personnel are shifted from month to month in this branch of the court."

Support was also voiced for night sessions of the traffic court by the Citizens' Traffic Board of the District of Columbia.

Statistics provided the committee show the great increase, not only in the number of drivers on District of Columbia streets but also an increase in the number of accidents and traffic deaths. Presently, it is estimated that 1½ million drivers are on the streets of Washington during peak hours every day with 400,000 of this number being District of Columbia residents.

Testimony urged that a traffic court with expert traffic court judges, trained in effective enforcement of traffic laws, could assist in curtailing highway accidents and deaths.

During 1964, 115 persons were auto traffic fatalities in the District—the highest in modern history—while traffic accidents totaled 29,252—the highest number since records have been maintained, since 1940. Estimates place per capita economic costs of traffic accidents to District residents, at \$35.07 or a total of \$26,300,000, in 1964.

Nationally, in 1964, the economic cost of motor vehicle accidents totaled \$8,100 million.

The number of court trials for moving traffic violations increased more than 10,000 in the past 5 years with 22,257 cases before the court of general sessions in 1960, compared to 32,972 in 1964.

Traffic tickets issued for nonmoving violations in the District increased from 365,161 in 1960 to 511,208 in 1964; while the number



Public Law 89-171
89th Congress, H. R. 7750
September 6, 1965

An Act

79 STAT. 653

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1965".

Foreign
Assistance
Act of 1965.

PART I

CHAPTER 1—POLICY

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to the statement of policy, is amended as follows:

75 Stat. 424.
22 USC 2151.

(a) Strike out the last sentence in the seventh paragraph and substitute the following: "It is the sense of the Congress that in furnishing assistance under this part excess personal property shall be utilized wherever practicable in lieu of the procurement of new items for United States-assisted projects and programs. It is the further sense of the Congress that assistance under this part shall be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts."

Excess property,
utilization and
disposal.

(b) Add at the end thereof the following new paragraph:

"It is the sense of the Congress that assistance under this or any other Act to any foreign country which hereafter permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, should be terminated and should not be resumed until the President determines that appropriate measures have been taken by such country to prevent a recurrence thereof."

Destruction of
U. S. property.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 102. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 205, which relates to the use of the facilities of the International Development Association, to read as follows:

22 USC 2165.

"SEC. 205. USE OF INTERNATIONAL LENDING ORGANIZATIONS.—In order to serve the purposes of this title and the policy contained in section 619, the President, after consideration of the extent of additional participation by other countries, may make available, in addition to any other funds available for such purposes, on such terms and conditions as he determines, not to exceed 15 per centum of the funds made available for this title to the International Development Association, the International Bank for Reconstruction and Development, or the International Finance Corporation for use pursuant to the laws governing United States participation in such institutions, if any, and the governing statutes thereof and without regard to section 201 or any other requirements of this or any other Act."

22 USC 2369.

22 USC 2161.

(b) Add the following new section:

"SEC. 206. REGIONAL DEVELOPMENT IN AFRICA.—The President is requested to seek and to take appropriate action, in cooperation and consultation with African and other interested nations and with international development organizations, to further and assist in the

advancement of African regional development institutions, including the African Development Bank, with the view toward promoting African economic development."

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to technical cooperation and development grants, is amended as follows:

(a) Amend section 212, which relates to authorization, by striking out "1965" and "\$215,000,000" and substituting "1966" and "\$210,000,000", respectively.

(b) Amend section 214, which relates to American schools and hospitals abroad, as follows:

(1) Amend subsection (b) by striking out "treatment, education," and substituting "education".

(2) Amend subsection (c) by striking out "1965, \$18,000,000" and substituting "1966, \$7,000,000".

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) Amend the introductory clause to read as follows:

"(b) The President may issue guaranties to eligible United States investors—".

(2) In paragraph (1), strike out "\$2,500,000,000" and substitute "\$5,000,000,000".

(3) Amend paragraph (2) as follows:

(A) In the first proviso, strike out ", and no such guaranty in the case of a loan shall exceed \$25,000,000 and no other such guaranty shall exceed \$10,000,000".

(B) In the third proviso, immediately after "\$300,000,000" insert the following: ", and guaranties issued under this paragraph (2) for other than housing projects similar to those insured by the Federal Housing Administration, shall not exceed \$175,000,000".

(C) In the fourth proviso, strike out "1966" and substitute "1967".

(b) Amend section 221(c), which relates to general authority, as follows:

(1) Strike out "actual earnings or profits" and substitute "earnings or profits actually accrued".

(2) Immediately after "guaranty" the third time it appears, insert "of an equity investment".

(c) Amend section 222(b), which relates to general provisions, by inserting after "(exclusive of informational media guaranties)," the words "and to pay the costs of investigating and adjusting (including costs of arbitration) claims under such guaranties,".

(d) Amend section 223, which relates to definitions, as follows:

(1) In subsection (a), strike out "and" at the end thereof and in subsection (b) strike out the period and substitute "; and".

(2) Add the following new subsection (c):

"(c) the term 'eligible United States investors' means United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or any State or

75 Stat. 428;
78 Stat. 1009.
22 USC 2172.
22 USC 2174.

22 USC 2181.

22 USC 2182.

22 USC 2183.

"Eligible U. S.
investors."

territory and substantially beneficially owned by United States citizens, as well as foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided*, That the eligibility of a foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by persons other than the United States owners."

(e) Amend section 224, which relates to housing projects in Latin American countries, to read as follows:

75 Stat. 432.
22 USC 2184.

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—

(a) It is the sense of Congress that in order to stimulate private home ownership and assist in the development of stable economies in Latin America, the authority conferred by this section should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and the improvement of housing conditions in Latin America.

"(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible United States investors as defined in section 223 assuring against loss of loan investments made by such investors in—

Ante, p. 654.

"(1) pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America;

"(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

"(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

"(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

"(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$6,500.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$400,000,000: *Provided*, That no payment may be made under this section for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That this authority shall continue until June 30, 1967."

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 105. Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended by inserting immediately after "fiscal year 1965" the following: "and \$75,000,000 in fiscal year 1966".

76 Stat. 258;
78 Stat. 1010.
22 USC 2212.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Chapter 3 of part I of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended as follows:

75 Stat. 433.
22 USC 2221.

(a) Amend section 301(c), which relates to assistance for Palestine refugees in the Near East, by adding at the end thereof the following: "Contributions by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the calendar year 1966 shall not exceed \$15,200,000."

78 Stat. 1010.
22 USC 2222.

(b) Amend section 302, which relates to authorization, by striking out "1965" and "\$134,272,400" and substituting "1966" and "\$144,755,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

75 Stat. 434;
78 Stat. 1010.
22 USC 2242.

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out in the first sentence "1965" and "\$405,000,000" and substituting "1966" and "\$369,200,000", respectively.

CHAPTER 5—CONTINGENCY FUND

22 USC 2261.

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) as follows:

(1) Strike out "1965" and "\$150,000,000" and substitute "1966" and "\$50,000,000", respectively.

Southeast Asia.

(2) Add the following new sentence: "In addition, there is hereby authorized to be appropriated to the President for use in Southeast Asia such sums, not to exceed \$89,000,000, as may be necessary in the fiscal year 1966 for programs authorized by parts I and II of this Act."

22 USC 2151-
2321.

(b) Amend subsection (b) by striking out "this section" and substituting "the first sentence of subsection (a)".

PART II

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

75 Stat. 435.
22 USC 2311.

(a) Amend section 503(b), which relates to general authority, by striking out the words "in foreign countries".

78 Stat. 1011.
22 USC 2312.

(b) Amend section 504, which relates to authorization, by striking out "1965" and "\$1,055,000,000" in the first sentence and substituting "1966" and "\$1,170,000,000", respectively.

75 Stat. 436;
77 Stat. 384.
22 USC 2313.

(c) Amend section 505, which relates to utilization of assistance, as follows:

(1) In subsection (a), strike out the colon and add the following: ", or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces

should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort."

(2) Strike out subsection (b) and redesignate the proviso of subsection (a) as subsection (b).

(3) In redesignated subsection (b), strike out "Provided. That except" and substitute "Except"; strike out "or (2)" and substitute "or (2) for civic action assistance, or (3)".

(d) Amend section 507, which relates to sales, as follows:

(1) In subsection (a), insert the following new sentence between the second and third sentences: "Notwithstanding the provisions of section 644(m)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization."

(2) In subsection (b), strike out the period at the end of the first proviso, substitute a colon and add the following: "*Provided further*, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this part for financing sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 508. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount required to be paid by the purchasing country or international organization."

(e) Amend section 508, which relates to reimbursement as follows:

(1) After "this part" the first time it appears, insert "have been or".

(2) After "United States Government," the first time it appears insert "receipts received from the disposition of evidences of indebtedness and charges (including fees and premiums) or interest collected".

(3) Strike out "the current applicable appropriation" and substitute "a separate fund account".

(4) Strike out "furnishing further military assistance on cash or credit terms" and substitute "financing sales and guaranties, including the overhead costs thereof".

(f) Amend section 509(b), which relates to exchanges and guaranties, by inserting "(excluding contracts with any agency of the United States Government)" in the second sentence between the last word thereof and the period.

75 Stat. 437;

78 Stat. 1011.

22 USC 2315.

Post, p. 661.

Sales agree-
ments.

Infra.

Report to
Congress.

75 Stat. 437.

22 USC 2316.

78 Stat. 1011.

22 USC 2317.

78 Stat. 1012.
22 USC 2318.

(g) Amend section 510(a), which relates to special authority, as follows:

(1) In the first sentence strike out "1965" and substitute "1966".

(2) In the second sentence, strike out "1965" and substitute "1966".

75 Stat. 438;
77 Stat. 384.
22 USC 2319.

(h) Amend section 511, which relates to restrictions on military aid to Latin America, as follows:

(1) In subsection (a), strike out "a part may be used during each fiscal year for assistance in implementing a feasible plan for regional defense", and insert "\$25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States"; and amend the proviso to read as follows: " : *Provided*, That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the \$55,000,000 limitation provided by this subsection".

(2) Amend subsection (b) to read as follows:

Reports to
Congress.

"(b) To the maximum extent feasible, military assistance shall be furnished to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States. The President shall submit semiannual reports to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate on the implementation of this subsection."

77 Stat. 384;
78 Stat. 1012.
22 USC 2320.

(i) Amend section 512, which relates to restrictions on military aid to Africa, as follows:

(1) Strike out "programs described in section 505(b) of this chapter" and substitute "civic action requirements".

(2) Strike out "1965" and substitute "1966".

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

75 Stat. 440.
22 USC 2355.

(a) Amend section 605, which relates to retention and use of items, as follows:

(1) In the section heading strike out "ITEMS" and substitute "CERTAIN ITEMS AND FUNDS".

(2) Add the following new subsections:

Reversion of
funds.
22 USC 2151-
2271.

"(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose."

(b) Amend section 612, which relates to use of foreign currencies, by redesignating subsection (c) as subsection (b), and by striking out the first sentence of the second paragraph of such subsection and by adding at the end thereof the following new paragraph:

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason for the use of dollars in each case."

(c) Amend section 613, which relates to foreign currencies, as follows:

(1) Strike out the section heading and substitute the following: "ACCOUNTING, VALUATION, REPORTING, AND ADMINISTRATION OF FOREIGN CURRENCIES".

(2) Add the following new subsection:

"(d) In cases where assistance is to be furnished to any recipient country in furtherance of the purposes of this or any other Act on a basis which will result in the accrual of foreign currency proceeds to the United States, the Secretary of the Treasury shall issue regulations requiring that agreements, in respect of such assistance, include provisions for the receipt of interest income on the foreign currency proceeds deposited in authorized depositories: *Provided*, That whenever the Secretary of State determines it not to be in the national interest to conclude arrangements for the receipt of interest income he may waive the requirement thereof: *Provided further*, That the Secretary of State, or his delegate, shall promptly make a complete report to the Congress on each such determination and the reasons therefor."

(d) Amend section 620, which relates to prohibitions against furnishing assistance to Cuba and certain other countries, as follows:

(1) Amend the section heading to read as follows:

"PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—".

(2) Amend subsection (e) (2), which relates to the act of state doctrine, by inserting after the words "other right" each time they appear the words "to property", and by striking out ", or (3) in any case in which the proceedings are commenced after January 1, 1966".

(3) In section 620(1), which relates to the prohibition against furnishing assistance to countries which fail to enter into agreements to institute the investment guaranty program and providing protection against certain risks, strike out "December 31, 1965" and substitute "December 31, 1966".

(4) At the end of such section 620, add the following new subsections:

"(n) In view of the aggression of North Vietnam, the President shall consider denying assistance under this Act to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1965—

"(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

"(i) any items of economic assistance,

"(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of

78 Stat. 1012.
22 USC 2362.

Foreign currencies, use.

75 Stat. 443.
22 USC 2363.

Foreign currencies, interest income.

Report to Congress.

22 USC 2370.

78 Stat. 1013.

77 Stat. 388.

North Vietnam.

65 Stat. 645.
22 USC 1611-1611d.

strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

“(iii) any other equipment, materials, or commodities; and

“(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

U. S. fishing
vessels.

“(o) In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party.”

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, amended as follows:

75 Stat. 446.
22 USC 2382.

(a) Amend section 622, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), immediately after “military assistance” insert “(including any civic action and sales program)”.

(2) In subsection (c), immediately after “military assistance program” insert “(including any civic action and sales program)”.

75 Stat. 447;
76 Stat. 262.
22 USC 2384.

(b) Amend section 624, which relates to statutory officers, as follows:

(1) In subsection (b), strike out “paragraph (3) of” and “of the officers provided for in paragraphs (1) and (2) of that subsection”, and substitute for the latter “of one or more of said officers”.

(2) In subsection (d), strike out “Public Law 86-735” wherever it appears and substitute “the Latin American Development Act, as amended”.

22 USC 1942
note.
76 Stat. 262;
78 Stat. 1014.
22 USC 2385.
75 Stat. 451.
22 USC 2386.
22 USC 2390.

(c) Amend section 625(d), which relates to the employment of personnel, by striking out “twenty” in paragraph (2) and substituting “forty”.

(d) Amend section 626, which relates to experts, consultants, and retired officers, by redesignating subsection (d) as subsection (c).

(e) Amend section 630, which relates to terms of detail or assignment, by inserting “benefits” after “travel expenses,” in paragraphs (2) and (4).

22 USC 2391.

(f) Amend section 631, which relates to missions and staffs abroad, by adding the following new subsection:

“(d) Wherever practicable, especially in the case of the smaller programs, assistance under this Act shall be administered under the direction of the Chief of the United States Diplomatic Mission by the principal economic officer of the mission in the case of assistance under part I, and by the senior military officer of the mission in the case of assistance under part II.”

22 USC 2395.

(g) Amend section 635(g), which relates to general authorities, by inserting “and sales” after “loans” in the introductory clause.

22 USC 2396.

(h) Amend section 636, which relates to provisions on uses of funds, as follows:

(1) In subsection (e), strike out “section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62)” and substitute “section 301 of the Dual Compensation Act (5 U.S.C. 3105)”.

78 Stat. 488.

(2) In subsection (f), strike out "Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes" and substitute "Latin American Development Act, as amended".

74 Stat. 869;

(i) Amend section 637 (a), which relates to administrative expenses, by striking out "1965" and "\$52,500,000" and substituting "1966" and "\$54,240,000", respectively.

77 Stat. 390.

22 USC 1942

note.

(j) Amend section 638, which relates to Peace Corps assistance, by striking out all beginning with "; or famine" and substituting a period.

75 Stat. 460;

78 Stat. 1014.

22 USC 2397.

(k) Add the following new sections:

77 Stat. 389.

22 USC 2398.

"SEC. 639. FAMINE AND DISASTER RELIEF.—No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

"SEC. 640. MILITARY SALES.—Except as otherwise provided in part II of this Act, no provision of this Act shall be construed to prohibit the sale, exchange, or the guaranty of a sale, of defense articles or defense services to any friendly country or international organization if the President shall have found, pursuant to section 503, that the assisting of such country or organization will strengthen the security of the United States and promote world peace."

22 USC 2301-

2321.

22 USC 2311.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Amend section 642 (a) (2), which relates to statutes repealed, by striking out "143," and all beginning with ": *Provided*," up to the semicolon.

75 Stat. 460.

22 USC 2151

note.

(b) Amend section 644, which relates to definitions, as follows:

22 USC 2403.

(1) In subsection (g), insert ", and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order," after "United States Government" and strike out "as grant assistance".

(2) In subsection (m) (2), strike out "Such price shall be the same standard price" and substitute "Such standard price shall be the same price (including authorized reduced prices)".

(3) Amend the paragraph following the numbered paragraph

(3) in subsection (m) as follows:

(A) In the first sentence, insert "and sales" after "Military assistance".

(B) In the second proviso, strike out "by the military assistance program".

(c) Amend section 645, which relates to unexpended balances, by striking out "Public Law 86-735" and substituting "the Latin American Development Act, as amended".

77 Stat. 390.

22 USC 2404.

(d) At the end thereof add the following new section:

"SEC. 649. LIMITATION ON AGGREGATE AUTHORIZATION FOR USE IN FISCAL YEAR 1966.—Notwithstanding any other provision of this Act, the aggregate of the total amounts authorized to be appropriated for use during the fiscal year 1966 for furnishing assistance and for administrative expenses under this Act shall not exceed \$3,360,000,000."

CHAPTER 4—AMENDMENT TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SEC. 401. Section 107 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

“No sale under title I of this Act shall be made to the United Arab Republic unless the President determines that such sale is essential to the national interest of the United States. No such sale shall be based on the requirements of the United Arab Republic for more than one fiscal year. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed with respect to sales made to the United Arab Republic under title I of this Act.”

Approved September 6, 1965.

68 Stat. 457;
78 Stat. 1036.
7 USC 1707.
Sales to United
Arab Republic,
restriction.
7 USC 1701-1709.
Report to
Congress.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 321 (Comm. on Foreign Affairs)
and No. 811 (Comm. of Conference).

SENATE REPORT No. 170 accompanying S. 1837 (Comm. on
Foreign Relations).

CONGRESSIONAL RECORD, Vol. 111 (1965):

May 24: Considered in House.

May 25: Considered and passed House.

June 4, 7-11: Considered in Senate.

June 14: Considered and passed Senate, amended, in
lieu of S. 1837.

Aug. 19: House agreed to conference report.

Aug. 24: Senate agreed to conference report.

First International Symposium on Water Desalination

Presidential Statement and Announcement Concerning Forthcoming Meeting in Washington. September 6, 1965

The President today announced the selection of 19 leading scientists and engineers from 11 nations, the United Nations, UNESCO, and the United States to act as session panel chairmen of the First International Symposium on Water Desalination to be held in Washington, D.C., from October 3 to October 9, 1965.

The President also announced that five additional countries—Senegal, Dahomey, Pakistan, Malta, and Nicaragua—will send delegations to the meeting, bringing the total to 63 nations.

In announcing the names of the Symposium chairmen, President Johnson said: "A dependable supply of fresh water is an absolute requirement for a world seeking peace and prosperity. Water is needed to grow food, to permit basic development in emerging nations, to allow industrial expansion in others, and to increase living standards for an increasing world population. The Symposium chairmen can lead the way toward new paths of achieving this goal.

"The developing technology of water desalting has received enthusiastic and universal support by nations, large and small, again demonstrating that international cooperation is the key to humanity's advancement."

The session panel chairmen and the days on which they will serve:

Chairmen of Basic Research Sessions—Dr. D. Weiss, Commonwealth Scientific and Industrial Research Organization, Melbourne, Australia, October 4; Prof. K. S. Spiegel, University of California, Berkeley, Calif., and Dr. Claude Frejaques, Commissariat a l'Energie Atomique of France, October 5; Prof. Thomas K. Sherwood, Massachusetts Institute of Technology, Cambridge, Mass., October 6; Prof. V. A. Klyachko, Head, USSR Delegation, October 7.

Chairmen of Engineering Development Sessions—Dr. Nabor Carrillo, National Nuclear Energy Commission of Mexico, October 4; Prof. Gino Bozza, Politecnico di Milano, Milan, Italy, and Mr. George O. G. Lof, Consulting Chemical Engineer, Denver, Colo., October 5; Mr. J. A. MacDonald, Department of Northern Affairs and National Resources, Ottawa, Canada, Prof. A. A. Delyannis, Technical University, Athens, Greece, and Dr. Koichi Tawara, Government Chemical Research Institute, Tokyo, Japan, October 6; Prof. Gennady A. Yagodin, International Atomic Energy Agency, Vienna, Austria, and Mr. Joseph Barnea, United Nations, New York, October 7.

Chairmen of Conversion Plant Operation Sessions—Mr. Julio Urbina, National Institute of Sanitary Works of Venezuela, and Mr. Samuel S. Baxter, American Water Works Association, New York, October 8.

Chairman, Engineering Design Studies Session—Dr. Michel Batisse, Senior Member, UNESCO Observer Delegation, Paris, France, October 7.

Chairman, Conversion Plant Economics Session—Dr. Moustafa Hafez, Ministry of Scientific Research, Cairo, United Arab Republic, October 8.

Chairman, Energy Sources Session—Mr. Morgan D. Dubrow, Chief Engineering Research Adviser, U.S. Department of the Interior, Washington, D.C., October 8.

Chairman, Economics and Optimum Design of Systems Session—Mr. Philip Sporn, American Electric Power Co., New York, N.Y., October 9.

Delegations from the 63 accepting nations, scientists of world renown, and representatives of industrial concerns from many countries will hear approximately 100 papers at the First International Symposium on Water Desalination.

The Symposium, a major observance of the International Cooperation Year, is sponsored by the Department of the Interior and all of its sessions will be held at the Department of State.

NOTE: The announcement was released at Austin, Tex.

Native Birds and Mammals Threatened With Extinction

Announcement of Establishment of Experiment Station at Patuxent Wildlife Research Center in Laurel, Md. September 6, 1965

President Johnson today approved the setting aside of 300 acres at the Patuxent Wildlife Research Center in Laurel, Md., as part of an intensive effort to rebuild native stocks of birds and mammals threatened with extinction in the United States. In all, 78 kinds of birds, mammals, reptiles, fishes, and amphibians are on the endangered list.

In less than 150 years, the United States has lost forever nearly 40 species of birds and mammals. Half these have vanished since 1900.

Main objective of the experiment station at Patuxent will be to raise rare specimens, train the young to contend with conditions of the wild, and release them to the wild for hoped-for survival and propagation.

First arrivals at the special haven at Patuxent will be specimens of wildlife now housed at the Monte Vista National Wildlife Refuge in Colorado. These include greater sandhill cranes, a whooping crane that was injured in Canada and was saved through the joint efforts of Canadian and United States wildlife experts, Aleutian Canada geese, and other species of geese.

Next spring the propagation studies program at the sanctuary will be expanded to include the snail hawk and the tule white-front goose. Specimens of the black-footed ferret will be requested from the State of South Dakota.

In keeping with the international theme of the research, the Department of Interior plans to cooperate with Canadian officials to obtain wild whooping crane eggs for hatching.

In the near future the Department's Fish and Wildlife Service will dispatch a team of experts to the field to conduct special studies on survival problems. One will concentrate on Hawaii, since half its bird species are on the endangered list.

Another biologist will be sent to Los Padres National Forest in southern California to study the condor, the Na-

tion's largest soaring bird, of which only about 40 remain.

A third expert will be based in South Dakota, home of the remaining black-footed ferrets.

A fourth biologist will study problems of the Southern States' rare species, including the ivory-billed woodpecker, the Florida everglades kite, and the eastern brown pelican.

A total of 12 experts ultimately will be assigned to special field studies.

By 1969 or 1970, a large laboratory will be ready at Patuxent to support research there and in the field. It will concentrate on all phases of propagation and also will permit public viewing of those rare specimens that are overaged or otherwise unsuited to be returned to the wild.

Initial work at the sanctuary has been made possible by a \$350,000 congressional appropriation.

NOTE: The announcement was released at Austin, Tex.

FOREIGN ASSISTANCE ACT OF 1965

Statement by the President Upon Signing the Bill Into Law. September 6, 1965

Today I am signing into law the Foreign Assistance Act of 1965, which provides authority to carry forward our programs of economic and military assistance in fiscal year 1966.

These programs have been a vital part of U.S. foreign policy in four administrations of both parties since the end of World War II.

We have had great successes. We have made some mistakes. Foreign assistance is always and everywhere a limited instrument and no cure-all. But, I am convinced that without the American foreign aid program, without this expression of our humanity and our highest goals, hundreds of millions of people would have had no escape from the chaos, frustration, and despair on which tyranny grows and wars ignite.

Instead, these people look to the future with hope. Much remains to be done to make the hope a reality. The work of building modern economies and new societies is difficult. It requires patience, strength, and knowledge. We cannot eradicate the injustice and deprivation of centuries in a matter of a few years.

It also requires a sense of adventure, of challenge, and of dedication on the part of all Americans, not just those who serve us so valiantly—normally without recognition—in the quiet battle against poverty, ignorance, and disease that goes on everyday around the world.

The hope can become reality only if the people and governments of the developing nations do their part—make the hard choices, carry forward with new legislation, push for internal reform. We will continue to base our assistance on the sound principle that self-help and reform on the part of recipients is the key to success.

We will also continue to base our program on the principle that other developed nations should provide more aid, on softer terms. The resolutions adopted at the recent meeting of the Development Assistance Committee of the OECD in Paris marked an important step in this direction. I urge all free world nations to continue in these efforts, particularly in bringing the terms on which aid is given within the targets established by the Development Assistance Committee.

I should like to express my appreciation to Chairman Fulbright and Chairman Morgan and the Members of the House-Senate Conference on the Foreign Aid Authorization for the hard work devoted to reaching agreement on the legislation. The matters at issue in the Conference involved the future content and direction of the foreign aid program. This is also a matter of major concern to me.

The Conference report and the two chairmen have urged "A review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries." The executive branch will, this fall, undertake appropriate studies of the program. It is my expectation that these studies will provide the basis for recommendations as to the future course of U.S. assistance policy.

I also expect to request that the multiyear principle approved by the Congress in 1961 and 1962 for development loans be extended to the other categories of assistance.

I am confident that next year's legislation will mark a renewal of our long-term commitment to assist those people who want to live in peace and independence; a renewal of the program which has been vital to U.S. interests around the world; and a renewal of the cooperative relationship between the executive and the Congress which has shaped the great foreign policy decisions of the postwar world.

NOTE: The statement was released at Austin, Tex.

Retroactive Increases in Social Security Benefits

Announcement of the Delivery of a Message From the President and a Check for Retroactive Benefits to the Recipient of the Nation's First Social Security Check. September 6, 1965

President Johnson today sent a birthday message to Miss Ida Fuller of Ludlow, Vt., who in January 1940 received social security check number 00-000-001. Today is Miss Fuller's 91st birthday. Along with the birthday greeting, Raymond E. Bender, Social Security District Manager in Rutland, Vt., delivered to Miss Fuller at 10 a.m. today a check for the retroactive increase in her social security benefits, authorized by the Social Security Amendments of 1965, signed into law by President Johnson on July 30.

Retroactive benefit checks will be mailed to 20 million other social security beneficiaries beginning September 15. The President asked that Miss Fuller's check be delivered to her on her birthday to give her another "first" in social security annals.

Miss Fuller retired from her job as a legal secretary shortly after her 65th birthday in September 1939. Earlier that year, Congress had enacted amendments to the 4-year-old social security law, including a provision advancing the date for the beginning of monthly payments from January 1942 to January 1940.

Miss Fuller's first monthly check was for \$22.54. Increases enacted by Congress over the years raised it to \$55. The latest 7 percent increase brings her monthly check up to \$60.90.

Retroactive benefit checks for over 20 million men, women, and children on the social security benefit rolls

will begin to move in the mails September 15 and will reach most beneficiaries within the following 5 to 6 days. The amount paid out in these retroactive checks will total \$885 million.

NOTE: The announcement was released at Austin, Tex. The President's birthday message is printed below.

Retroactive Increases in Social Security Benefits

The President's Letter to Miss Ida Fuller of Ludlow, Vt. September 6, 1965

Dear Miss Fuller:

My best wishes to you on your 91st birthday.

Since you became the first social security beneficiary in January 1940, the size of the program—and of the more than 300 monthly checks you have received—has grown steadily. That growth means increased well-being for older people, widows and orphans everywhere in the Nation.

On July 30, I had the pleasure of signing an act which increased monthly benefits by seven percent. As a major new advance, it added health insurance protection for the aging to the social security law.

This increase is retroactive to January—and so this month you are receiving an extra social security check for the amount of the increase due you for the months of January through August.

I am happy that you can receive this "bonus" check on your birthday; I hope that you receive it—and many others—in good health.

With kindest regards,

Sincerely,

LYNDON B. JOHNSON

[Miss Ida Fuller, 33 Pleasant St., Ludlow, Vt.]

NOTE: The letter was released at Austin, Tex.

Property Utilization Economies in the Post Office Department

Report to the President From Postmaster General John Gronouski on Savings Effected by Control of Excess Personal Property. September 7, 1965

Tight control of excess personal property has put to work thousands of items formerly gathering dust in post offices and saved millions of dollars in new equipment purchases as a result of your economy program.

Efficient planning under the Department's property utilization program and systematic searching for users of surplus items has returned more than \$19 million of the excess to use since 1962.

By keeping a close watch on orders for new equipment and using excess property as a first source of supply, new items have not been purchased in one postal region when similar equipment is gathering dust in another.

As you instructed last year, the Post Office Department has kept a tight rein on the property. At the close of fiscal year 1965, the value of excess property on hand had dropped to \$1 million from a high of \$5.1 million 3 years ago.

The Government sells most unserviceable or obsolete items and donates or discards equipment for which there is no market. Precious floor space formerly used for storage has been freed. Mail volume is rising at an annual rate of 2 to 3 billion pieces a year, so every square foot of existing postal space takes on new importance.

As of June 30 usable excess personal property on hand had been cut by 67 percent since the beginning of the property utilization program. Total Post Office Department excess personal property inventories are currently less than one-third of 1 percent of the \$500 million worth of equipment now in use.

Personal property is anything that is portable and has a lasting value, such as a sorting case, a desk, or a machine that several men could carry. It does not include real property, such as buildings and land.

Obsolete, unserviceable equipment that cannot be sold is donated to educational, public health, and civil defense institutions. Military postal systems receive a portion of the property. On occasion, items have been funneled to foreign governments through the Agency for International Development, foreign aid arm of the State Department.

Forty to sixty-year-old lock boxes from lobbies of post offices being remodeled or abandoned are most popular. The Post Office Department removes the locks which can be reused. Schools pick up the boxes and use them for mail delivery to students.

NOTE: The report was released at Austin, Tex.

Youth Opportunity Campaign

Announcement of Report to the President From the Vice President and of New Back-to-School Campaign. September 7, 1965

President Johnson has received a complete report from the Vice President on the success of the youth opportunity campaign this summer.

As the result of the successful program to find summer jobs for the Nation's youth, the President requested that the youth opportunity program direct its efforts to a massive back-to-school campaign.

The purpose of the campaign is to provide part-time jobs for students who could not otherwise continue with their studies, and to underline the importance of educational opportunities for all young Americans.

The President is particularly pleased with the youth unemployment statistics resulting from this summer's youth opportunity campaign. There has been a substantial increase in jobs and a significant reduction in youth unemployment since the President initiated the campaign at the beginning of the summer.

Teen-age unemployment (14-19) in August fell to 12.4 percent, its lowest point in 3 years. And in the face of an 800,000 increase in the number of teen-age workers, the number of teen-age jobs increased by 900,000, thereby reducing unemployment in the 14- through 19-year-old age group by 100,000.

The number of 16- to 21-year-olds available to the labor market increased by 500,000 between August 1964 and August 1965, but the number of jobs for these young people rose by 700,000. As a result, unemployment among 16- to 21-year-olds declined by 200,000 from 11.4 percent a year ago to 9.7 percent in 1965.

Increases in job opportunities for young people were brought about, as the result of a nationwide campaign, at the rate of 10,000 per day during the summer months.

Within the Federal Government over 26,000 young men and women were employed. Secretary of Defense Robert S. McNamara reported to the President that his department employed 15,000 young people as part of the Youth Opportunity program. In accordance with the President's instructions, the Secretary directed in June that summer jobs for young men and women should be established at the ratio of one for each 100 regular employees. In fact, the ratio was one summer youth employee for each 65 regular employees.

The Department of Agriculture enrolled 4,287 youths at 29 Forest Service Centers in answer to the President's request. Additionally, 118 REA electric and telephone borrowers have reported employing 495 young people for summer work at the request of the Department of Agriculture. These totals are in addition to the more than 800 youngsters employed in regular National Youth Corps projects sponsored by the Department of Agriculture and 1200 youths in Neighborhood Youth Corps projects connected with Department of Agriculture programs.

But the large majority of jobs came from private industry, labor, service, and religious organizations and State and local governments. Almost 300,000 jobs were reported in 7,000 letters from American businessmen to the Secretary of Commerce.

The new back-to-school campaign will utilize the same approach taken with this summer's job opportunity campaign. The President has put a high priority on finding the jobs necessary to allow students to continue with their educations, who without part-time employment would not be able to do so.

Calendar No. 157

S. 1837

OF THE SENATE OF THE UNITED STATES

1884

Printed by the Government Printing Office

AMENDMENTS

Proposed by the Committee on the Judiciary, in the Senate, to amend the act of March 3, 1877, relating to the organization of the Supreme Court, and to amend the act of March 3, 1877, relating to the organization of the Supreme Court, and to amend the act of March 3, 1877, relating to the organization of the Supreme Court.

1. That the said act be amended so that the said act shall read as follows:
2. That the said act be amended so that the said act shall read as follows:
3. That the said act be amended so that the said act shall read as follows:

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 3, strike out lines 3 to 12, inclusive.

2 On page 3, line 13, strike out “(b) Amend section 205”
3 and insert in lieu thereof the following: “SEC. 102. Section
4 205 of the Foreign Assistance Act of 1961, as amended”.

5 On page 3, line 14, after the comma insert “is amended”.

6 On page 4, strike out lines 12 to 17, inclusive, and insert
7 in lieu thereof the following: “by striking out ‘1965’ and
8 ‘\$215,000,000’ and substituting ‘1966’ and ‘\$210,000,000’,
9 respectively.”

10 On page 4, strike out lines 22 to 25, inclusive, and insert
11 in lieu thereof the following:

1 “(2) Amend subsection (c) by striking out ‘1965,
2 \$18,000,000’ and substituting ‘1966, \$7,000,000’.”

3 On page 5, line 19, strike out “1968” and insert in lieu
4 thereof “1967”.

5 On page 8, line 19, strike out “1968” and insert in lieu
6 thereof “1967”.

7 On page 8, beginning with line 20, strike out through
8 line 2 on page 9.

9 On page 9, line 4, strike out “SEC. 106” and insert in
10 lieu thereof “SEC. 105”.

11 On page 9, strike out lines 6 to 13, inclusive, and insert
12 in lieu thereof the following: “is amended by striking out
13 ‘and \$85,000,000 in fiscal year 1965’ and substituting
14 ‘, \$85,000,000 in fiscal year 1965, and \$70,000,000 in fiscal
15 year 1966’.”

16 On page 9, line 16, strike out “SEC. 107” and insert in
17 lieu thereof “SEC. 106”.

18 On page 10, lines 6 and 7, strike out “each of the fiscal
19 years 1966 and 1967” and insert in lieu thereof “the fiscal
20 year 1966”.

21 On page 10, line 11, strike out “SEC. 108” and insert in
22 lieu thereof “SEC. 107”.

23 On page 10, strike out lines 13 to 19, inclusive, and
24 insert in lieu thereof the following: “amended by striking

1 out '1965' and '\$405,000,000' and substituting '1966' and
2 '\$350,000,000', respectively."

3 On page 10, line 21, strike out "SEC. 109" and insert
4 in lieu thereof "SEC. 108".

5 On page 10, line 24, beginning with the word "each"
6 strike out through line 2 on page 11 and insert in lieu thereof
7 the following: "the fiscal year 1966, not to exceed \$50,000,-
8 000'."

9 On page 11, line 12, strike out "each of the fiscal years
10 1966 and 1967" and insert in lieu thereof "fiscal year 1966".

11 On page 11, line 13, strike out ", which".

12 On page 11, line 14, strike out "in each such fiscal year,
13 which sums".

14 On page 14, line 10, strike out "years 1966 and 1967"
15 and insert in lieu thereof "year 1966".

16 On page 14, lines 12 and 13, strike out "each of the
17 fiscal years 1966 and 1967" and insert in lieu thereof "the
18 fiscal year 1966".

19 On page 14, line 19, strike out "years 1966 and 1967"
20 and insert in lieu thereof "year 1966".

21 On page 14, strike out lines 20 and 21.

22 On page 18, line 22, strike out "June 30, 1967" and
23 insert in lieu thereof "December 31, 1966".

24 On page 21, line 1, beginning with the word "inserting"

- 1 strike out through "1967" in line 2 and insert in lieu thereof
2 the following: "substituting 'for the fiscal year 1966 not to
3 exceed \$55,240,000'".

AMENDMENTS

Intended to be proposed by Mr. Gruening to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 2, lines 11-13, delete the following words:
- 2 "United States and other free world nations place an increas-
- 3 ing portion of their assistance programs on a multilateral basis
- 4 and the".

Amdt. No. 221

Amdt. No. 221

Calendar No. 157

89TH CONGRESS
1ST Session

S. 1837

AMENDMENT

Intended to be proposed by Mr. Gruening to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 18, between lines 18 and 19, insert the follow-
2 ing:

3 “(2) Amend subsection (j) to read as follows:

4 “ ‘(j) No assistance shall be furnished under this Act,
5 and no sales shall be made under title I of the Agricultural
6 Trade Development and Assistance Act of 1954, as amended,
7 to Indonesia. No other provision of this Act shall be con-
8 strued to authorize the President to waive the provisions of
9 this subsection.’ ”

10 On page 18, line 19, strike out “(2)” and substitute
11 “(3)”.

Amdt. No. 222

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENTS

Intended to be proposed by Mr. Gruening to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22, insert the following:

- 1 (3) Add the following new subsection:
- 2 “(n) No assistance shall be furnished under this Act,
- 3 and no sales shall be made under title I of the Agricultural
- 4 Trade Development and Assistance Act of 1954, as amended,
- 5 to the United Arab Republic. No other provision of this
- 6 Act shall be construed to authorize the President to waive
- 7 the provisions of this subsection.”

Amdt. No. 223

Amdt. No. 223

Calendar No. 157

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. GRUENING to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On pages 3 and 4, delete subsection (b).

Amdt. No. 224

Amdt. No. 224

Calendar No. 157

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. Gruening to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: Between lines 4 and 5 on page 4 add the following new subsection:

1 (c) Amend section 201 (d) which relates to interest
2 rates, as follows:

3 (1) Strike out "2½ per centum per annum" and insert
4 in lieu thereof: "the rate arrived at by adding one-quarter of
5 1 per centum per annum to the rate which the Secretary of
6 the Treasury determines to be equal to the average annual
7 interest rate on all interest-bearing obligations of the United
8 States then forming a part of the public debt as computed at
9 the end of the fiscal year next preceding the date the appli-

1 cation for the loan is approved and by adjusting the result so
2 obtained to the nearest one-eighth of 1 per centum”;

3 (2) Strike out “1 per centum” and insert in lieu thereof:
4 “ $2\frac{1}{2}$ per centum.”

5 So that section 201 (d) would read as follows:

6 “Funds made available for this title shall not be loaned
7 or reloaned at rates of interest excessive or unreasonable for
8 the borrower and in no event shall such funds (except loaned
9 under section 205 and funds which prior to the date of enact-
10 ment of the Foreign Assistance Act of 1964 were authorized
11 or committed to be loaned upon terms which do not meet the
12 minimum terms set forth herein) be loaned at a rate of inter-
13 est arrived at by adding one-quarter of 1 per centum per
14 annum to the rate which the Secretary of the Treasury deter-
15 mines to be equal to the average annual interest rate on all
16 interest-bearing obligations of the United States then forming
17 a part of the public debt as computed at the end of the fiscal
18 year next preceding the date the application for the loan is
19 approved and by adjusting the result so obtained to the near-
20 est one-eighth of 1 per centum commencing not later than
21 ten years following the date on which the funds are initially
22 made available under the loan, during which ten-year period
23 the rate of interest shall not be lower than $2\frac{1}{2}$ per centum per
24 annum, nor higher than the applicable legal rate of interest
25 of the country in which the loan is made.”

S. 1837

AMENDMENT

Intended to be proposed by Mr. GRUENING to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 1, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 18, line 22, insert the following: "Add to such
2 section 620 a new subsection as follows:
- 3 “(n) In order to encourage preservation of the finan-
4 cial solvency of the United Nations which is being threatened
5 by the failure of some member nations to pay currently
6 their assessments and/or contributions to the United Nations,
7 no assistance shall be furnished under the provisions of
8 this Act, to the government of any nation which is more
9 than one year in arrears in its payment of any assessment
10 by the United Nations for its regular budget or for peace

Amdt. No. 228

1 and security operations, unless a report is first furnished
2 by the President to the Committee on Foreign Relations of
3 the Senate and to the Speaker of the House of Represent-
4 atives setting forth his determination that such assistance
5 should nevertheless be furnished, accompanied by the rea-
6 sons for such determination, including the assurance, if any,
7 given by the government concerned of paying (independ-
8 ently of such assistance) all such arrearages and placing its
9 payments of such assessments on a current basis, or an ex-
10 planation of the unusual and exceptional circumstances which
11 make it economically incapable of giving such assurance.' ”

AMENDMENT

Intended to be proposed by Mr. MULLER to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 2, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

H. R. 7750

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLER to H.R. 7750, an Act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 16, line 5, insert the following: "At the end of
2 such section 620, add the following new subsection:

3 “(o) In order to encourage preservation of the financial
4 solvency of the United Nations which is being threatened
5 by the failure of some member nations to pay currently
6 their assessments and/or contributions to the United Nations,
7 no assistance shall be furnished under the provisions of
8 this Act, to the government of any nation which is more
9 than one year in arrears in its payment of any assessment
10 by the United Nations for its regular budget or for peace

1 and security operations, unless a report is first furnished
2 by the President to the Committee on Foreign Relations of
3 the Senate and to the Speaker of the House of Represent-
4 atives, setting forth his determination that such assistance
5 should nevertheless be furnished, accompanied by the rea-
6 sons for such determination, including the assurance, if any,
7 given by the government concerned of paying independ-
8 ently of such assistance) all such arrearages and placing its
9 payments of such assessments on a current basis, or an ex-
10 planation of the unusual and exceptional circumstances which
11 make it economically incapable of giving such assurance.' ”

H. R. 7750

AMENDMENT

Intended to be proposed by Mr. MURKIN to
H.R. 7750, an Act to amend further the
Foreign Assistance Act of 1961, as amended,
and for other purposes.

JUNE 2, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: At the end of the bill add the following:

1 **PART V**

2 **PEACE BY INVESTMENT CORPORATION**

3 **General Purposes**

4 SEC. 501. The recent establishment of the "Peace Corps"
5 reflects growing realization that governments and diplomatic
6 relations alone cannot bring enduring peace, without the con-
7 solidation and expansion of people-to-people relationships.
8 Economic relationships are fundamental to human relation-
9 ships, and private economic endeavors are inseparable
10 from systems of human freedom. This measure is designed

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1 to establish and expand people-to-people relationships
2 in the economic field; to encourage an expanded flow of
3 private capital investment from the United States into
4 economically sound enterprises in underdeveloped areas of
5 the world in the interest of world peace through mutual eco-
6 nomic progress; to enlarge the number of private investors
7 participating in this flow of capital so as to forge more direct
8 links among the peoples of the world; to reduce gradually
9 thereby the need for United States public investment and
10 grants overseas; to help redirect the total flow of capital
11 from the United States so that increasing portions of this
12 total flow go to the underdeveloped areas, and thus be in
13 better harmony with the domestic economic needs of the
14 United States and the effective management of its interna-
15 tional balance-of-payments problems.

16 PEACE BY INVESTMENT CORPORATION: BASIC FUNCTIONS

17 SEC. 502. There is hereby established a Peace by In-
18 vestment Corporation (hereinafter referred to as the Corpo-
19 ration) with the following basic functions in accord with the
20 purposes of this part:

21 (1) As an equity investment agency, to purchase the
22 securities and obligations of, or make loans to (a) any un-
23 derdeveloped country or political subdivision thereof, (b)
24 any public agency or instrumentality of any such country,
25 or (c) any private or semiprivate firm, corporation, or asso-

1 ciation doing or intending to do business wholly or mainly
2 in any such country or countries for the purpose of financing
3 or assisting in financing any undertaking to expand such in-
4 dustrial, mining, construction, or agricultural activity in such
5 country or countries as will, in the judgment of the Corpora-
6 tion, further the purposes of this part;

7 (2) As an investment trust, to purchase minor stock
8 interests in enterprises in the United States already in being
9 under effective management and engaged substantially in in-
10 vestment in underdeveloped countries, to the extent that such
11 purchases are clearly desirable in conducting the financial
12 functions of the Corporation on a sound and prudent basis;

13 (3) To establish an insurance system, on an actuarially
14 sound basis including such premiums as are required, de-
15 signed to protect all or part of the outstanding investments
16 under paragraph (1) of this section against loss arising from
17 any cause, including but not limited to political or military
18 events;

19 (4) To establish a second insurance system (distinct
20 from that pursuant to paragraph (3) of this section), on
21 an actuarially sound basis including such premiums as are
22 required, designed to protect against loss for specified causes,
23 not including mismanagement, all or part of the outstanding
24 investments of private investors (other than the Corpora-

1 tion) in any undertaking eligible for financial assistance
2 under paragraph (1) of this section.

3 BASIC CRITERIA FOR INVESTMENT PROGRAM

4 SEC. 503. In carrying forward the investment program
5 pursuant to paragraph (1) of section 502 of this part, the
6 Corporation shall be guided by these basic criteria, and shall
7 make appropriate findings accordingly:

8 (1) That each specific investment is in furtherance of
9 an undertaking which is economically sound, actually or po-
10 tentially profitable, and consistent with the sound long-range
11 economic development of the country in which it is located;

12 (2) That the country in which the undertaking is lo-
13 cated shall have had full information with respect to it and
14 opportunity to express a judgment as to its desirability;

15 (3) That the investment is not in competition with nor
16 duplicative of other private investment programs or other
17 public programs of the United States or of international
18 agencies which give reasonable promise of accomplishing
19 comparable results in accord with the purposes of this part;

20 (4) That each investment, taking into account the
21 country in which it is located, is in accord with the general
22 international economic and political policies of the United
23 States;

24 (5) That the investment program in general is con-
25 sistent with the short-range and long-range policy of the

1 United States to maintain maximum employment, produc-
2 tion, and purchasing power within the domestic economy;

3 (6) That the investment program in general is con-
4 sistent with the short-range and long-range need of the
5 United States to maintain a satisfactory balance-of-pay-
6 ments position;

7 (7) That the investment program in general, and in
8 its specific applications, is mutually beneficial to the country
9 to which the investment flows and country from which it
10 emanates, taking into account not only purely economic
11 considerations but also consideration of human improve-
12 ment under free institutions.

13 BASIC FINANCING OF PEACE BY INVESTMENT CORPORATION

14 SEC. 504. (a) The Corporation shall have a capital stock
15 consisting in part of fifty shares of par value of \$1,000,000
16 per share of class A stock, which shall be the only stock
17 of the Corporation having voting power so long as any
18 of it is outstanding. This class A stock shall be sub-
19 scribed to by the United States Government. The Secretary
20 of the Treasury shall use the proceeds from the sale of any
21 securities issued under the Second Liberty Bond Act, as
22 amended, for the purpose of such subscriptions, and the pur-
23 poses for which securities may be issued under such Act are
24 extended to include such subscription. Payment under this

1 paragraph to the Corporation for the subscription of the
2 United States and repayments thereof shall be treated as
3 public debt transactions of the United States. Certificates
4 evidencing stock ownership by the United States shall be
5 issued by the Corporation to the President of the United
6 States or to such other person or persons as he may designate
7 from time to time. Neither the provisions of the Securities
8 Act of 1933, as amended, nor the provisions of the Securities
9 Exchange Act of 1934, as amended, shall apply to the
10 Corporation or to the original issue of its securities while
11 class A stock is outstanding.

12 (b) The Corporation is authorized to increase its capital
13 stock by offering for public sale five hundred million shares
14 of class B stock at par value of \$5 per share. This stock shall
15 be placed on public sale to net the Corporation \$5 per share,
16 with an override not exceeding 30 cents per share to cover
17 distribution costs: *Provided*, That not more than two hundred
18 and fifty million shares of this class B stock in the aggregate,
19 nor more than seventy-five million shares in any one year,
20 shall be sold so long as the Corporation remains an agency of
21 the United States as provided in section 505 (a) of this part.
22 The Corporation, with approval of the Secretary of the Treas-
23 ury, shall by regulation determine the maximum amount of
24 such class B stock which may be held at any time by any
25 individual, and the maximum amount which may be held at

1 any time by business enterprises and other organizations of
2 various types and sizes.

3 (c) The Corporation is authorized to issue from time
4 to time, for purchase by the Secretary of the Treasury, its
5 notes, debentures, bonds, or other obligations: *Provided*,
6 That the issue of such obligations shall not exceed \$60,-
7 000,000 in any one year, nor shall the aggregate amount of
8 such obligations outstanding at any one time exceed \$300,-
9 000,000, nor shall any such obligations be issued more than
10 six years from the date of the first issue, nor shall any such
11 obligations be issued except so long as the Corporation re-
12 mains an agency of the United States as provided in section
13 505 (a) of this part. Such obligations shall have such varied
14 maturities, not in excess of twenty years, as may be de-
15 termined by the Corporation with the approval of the
16 Secretary of the Treasury, with periodic retirement of each
17 obligation commencing in the first year subsequent to its orig-
18 inal issue: *Provided*, That any such obligations may be re-
19 tired at the option of the Corporation before maturity in
20 such manner as may be stipulated therein. Each obligation
21 purchased by the Secretary of the Treasury shall, so long as
22 the Corporation remains an agency of the United States, bear
23 interest at a rate determined by the current average rate on
24 outstanding marketable obligations of the United States as
25 of the last day of the month preceding the issuance of such

1 obligation; and when the Corporation is no longer an agency
2 of the United States, as provided in section 506 of this part,
3 each such obligation shall bear interest at the rate of 4 per
4 centum per annum. The Secretary of the Treasury is au-
5 thorized for the purpose of this subsection to use as a public-
6 debt transaction the proceeds of any securities issued after
7 July 31, 1945, under the Second Liberty Bond Act, as
8 amended, and the purposes for which securities may be issued
9 under that Act are extended to include such purpose. Pay-
10 ment by the Treasury under this subsection of the purchase
11 price of such obligations of the Corporation and repayment
12 thereof by the Corporation shall be treated as public-debt
13 transactions of the United States.

14 (d) One-fifth of the proceeds of the sale of class B stock
15 issued under subsection (b) of this section shall be set
16 aside by the Corporation in a special fund to be established
17 by the Corporation. This special fund shall be utilized
18 (1) to retire fully, within a period of six years or less from
19 the initial issuance of such class B stock, the class A stock
20 of the Corporation issued under subsection (a) of this
21 section, and (2) to retire fully the obligations issued under
22 subsection (c) of this section in accordance with the terms of
23 retirement contained in such obligations. This special fund
24 shall be invested or reinvested by the Corporation in interest-
25 bearing obligations of the United States or in obligations

1 guaranteed as to interest and principal by the United States:
2 *Provided*, That when the class A stock of the Corporation
3 and the obligations issued under subsection (c) of this
4 section shall have been retired in full, any balance remaining
5 in this special fund shall be merged with other funds of the
6 Corporation obtained through the sale of class B stock and
7 shall thereupon be available for the general purposes of this
8 part.

9 (e) Except as otherwise provided in this section, all
10 funds available to the Corporation pursuant to this section,
11 and as earnings from its operations, shall be available for its
12 general purposes under this part.

13 INITIAL MANAGEMENT OF PEACE BY INVESTMENT

14 CORPORATION

15 SEC. 505. (a) Until the conditions set forth in section
16 506 of this part are fully met, the Corporation shall be an in-
17 dependent agency of the United States.

18 (b) The management of the Corporation during its
19 existence as an agency of the United States shall consist of
20 a Board of Directors (herein referred to as the Board),
21 composed of (1) five members appointed from private life
22 by the President with the advice and consent of the Senate,
23 who shall collectively possess broad experience in various
24 areas of economic endeavor; (2) the Secretary of State, the

1 Secretary of the Treasury, the Secretary of Commerce, and
2 the Secretary of Labor, to serve ex officio; (3) four mem-
3 bers to be appointed by the President from various United
4 States agencies concerned with international economic de-
5 velopment; and (4) a President and Executive Vice Presi-
6 dent of the Corporation, as set forth below, who may be
7 appointed from private life or from public service. All
8 members, except those serving ex officio, shall serve at the
9 pleasure of the President.

10 (c) The Board shall elect a Chairman from among its
11 members. Any vacancy in the Board shall not affect its
12 powers, but shall be filled in the same manner as the original
13 appointment. A majority of the Directors shall constitute
14 a quorum, and action shall be taken only by a majority vote
15 of those present.

16 (d) The Board shall designate an executive committee
17 of seven members, not more than two of whom (exclusive
18 of the President and Executive Vice President of the Cor-
19 poration) shall be members appointed from private life.
20 The executive committee shall perform the functions and
21 exercise the powers of the Board at such times and to such
22 extent as shall be provided in the bylaws of the Corporation.

23 (e) Members of the Board appointed from private life
24 shall receive \$100 per diem when engaged in the actual
25 performance of their duties, plus reimbursement for neces-

1 sary travel, subsistence, and other expenses incurred by
2 them in the performance of such duties.

3 (f) There shall be a President of the Corporation, to
4 be appointed by the President, by and with the advice and
5 consent of the Senate, who shall receive a salary at the
6 rate of \$28,500 per annum, and who shall serve as chief
7 executive officer of the Corporation, as a member of the
8 executive committee, and as a member of the Board. The
9 President of the Corporation shall, in accordance with the
10 bylaws, appoint such officers and employees as may be neces-
11 sary for the conduct of the business of the Corporation, de-
12 fine their duties, and fix their compensation.

13 (g) There shall be an Executive Vice President of the
14 Corporation, to be appointed by the President, by and with
15 the advice and consent of the Senate, who shall receive a
16 salary at the rate of \$27,000 per annum. The Executive
17 Vice President shall serve as President of the Corporation
18 during the absence or disability of the President thereof or
19 in the event of a vacancy in such office.

20 (h) No director, officer, attorney, agent, or employee
21 of the Corporation shall in any manner, directly or indirectly,
22 participate in the deliberation upon or the determination of
23 any question affecting his personal interests, or the interests
24 of any government, corporation, partnership, or association
25 in which he is directly or indirectly personally interested.

1 (i) The President may also appoint an advisory com-
2 mittee to the Board, composed of individuals drawn from
3 private and public life outside of the United States, who need
4 not be citizens or residents of the United States.

5 TRANSFER OF PEACE BY INVESTMENT CORPORATION TO
6 PRIVATE OWNERSHIP AND MANAGEMENT

7 SEC. 506. (a) When the class A stock of the Corpora-
8 tion has been retired in full within the period of six years or
9 less provided in section 504 (d) of this Act, the Board shall
10 transmit to the President of the United States, for submis-
11 sion to the Congress, recommendations for such legislation
12 as may be necessary to provide for the orderly transition
13 of the Corporation from an agency of the United States to
14 a corporation under private ownership and management, in-
15 cluding (1) appropriate provision for transfer to the own-
16 ers of the outstanding class B stock of the Corporation the
17 assets and liabilities of the Corporation, (2) appropriate
18 provision for vesting in such owners of class B stock the
19 exclusive voting power of the Corporation originally vested
20 in the owners of class A stock, with each owner of class B
21 stock being thereupon entitled to one vote per share, and
22 (3) such additional provisions as may be necessary to pro-
23 tect any outstanding investments in the Corporation by the
24 United States: *Provided*, That the President, in connection
25 with such submission to the Congress, shall also provide

1 recommendations as to whether a sufficient portion of the
2 obligations purchased by the Secretary of the Treasury pur-
3 suant to section 504 (c) of this part have been retired to
4 justify the transfer of the Corporation from public to private
5 ownership and management.

6 (b) In connection with such transfer, a complete and
7 final accounting shall be made by the Corporation and the
8 Government, at which time the Government shall receive
9 reasonable compensation for all Government services ren-
10 dered the Corporation.

11 GENERAL CORPORATE POWERS AND DUTIES

12 SEC. 507. (a) For the purpose of carrying out its func-
13 tions under this part the Corporation shall have succession
14 in its corporate name; may adopt and use a corporate seal,
15 which shall be judicially noticed; may sue and be sued in
16 its corporate name; may adopt, amend, and repeal bylaws,
17 rules, and regulations governing the manner in which its
18 business may be conducted and the powers vested in it
19 may be exercised; may make and carry out such contracts
20 and agreements as are necessary and advisable in the con-
21 duct of its business, and may purchase, discount, rediscount,
22 sell, and negotiate (with or without its endorsement or
23 guarantee) and guarantee notes, drafts, checks, bills of
24 exchange, acceptances, including bankers' acceptances, cable
25 transfers, and other evidences of indebtedness in carrying out

1 its functions under this part; may appoint and fix the com-
2 pensation of such officers and employees as may be neces-
3 sary for the conduct of its business, without regard to the
4 civil service laws or the Classification Act of 1949, define
5 their authority and duties, delegate to them such powers
6 vested in the Corporation as may be necessary, require bonds
7 of such of them as may be desirable, and fix the penalties
8 and pay the premiums of such bonds; may assign or sell
9 at public or private sale, or otherwise dispose of for cash
10 or credit, upon such terms and conditions as shall be de-
11 termined reasonable, any evidence of debt, contract, claim,
12 personal property, or security held by the Corporation in
13 connection with the payment of loans or other obligations,
14 and collect or compromise all obligations held by the Cor-
15 poration; may set up or engage such subsidiary agencies in
16 the United States or in underdeveloped countries as will
17 facilitate the business of the Corporation and may enable
18 such subsidiary agencies to sell class B stock or to sell their
19 own stock for the purpose of buying class B stock; may ac-
20 quire by purchase, lease, or donations such real property
21 or any interest therein, and may sell, lease, or otherwise
22 dispose of such real property, as may be necessary for the
23 conduct of its business; shall determine the character of and
24 the necessity for its obligations and expenditures, and the
25 manner in which they shall be incurred, allowed, and paid,

1 subject to the provisions of this part, and provisions of law
2 specifically applicable to Government corporations; may pay
3 dividends on class B stock out of profits or other earnings;
4 shall be entitled to the use of the United States mails in the
5 same manner and upon the same conditions as may be ap-
6 plicable to the executive departments of the United States
7 Government until such time as it ceases to be an agency
8 of the United States; and shall be subject to Federal taxa-
9 tion from the time that it ceases to be an agency of the
10 United States. The foregoing enumeration of powers shall
11 not be deemed to exclude other lawful powers necessary to
12 the purposes of the Corporation.

13 (b) Notwithstanding the provisions of section 955 of
14 title 18, United States Code, any person, including any indi-
15 vidual, partnership, corporation, or association, may upon
16 proper authorization act for or participate with the Corpo-
17 ration in any operation or transaction engaged in by the
18 Corporation.

19 (c) Section 101 of the Government Corporation Con-
20 trol Act, as amended (31 U.S.C. 846), is amended by in-
21 serting after "Saint Lawrence Seaway Development Corpo-
22 ration" the words "Peace by Investment Corporation".

23 PENAL PROVISIONS

24 SEC. 508. (a) All general penal statutes relating to the
25 larceny, embezzlement, or conversion of public moneys or

1 property of the United States shall apply to the moneys and
2 property of the Corporation.

3 (b) Any person who, with intent to defraud the Cor-
4 poration, or to deceive any director, officer, or employee of
5 the Corporation or any officer or employee of the United
6 States, makes false entry in any book of the Corporation, or
7 makes false report or statement for the Corporation, shall,
8 upon conviction thereof, be fined not more than \$10,000 or
9 imprisoned for not more than five years, or both.

10 (c) Any person who shall receive any compensation,
11 rebate, or reward, or shall enter into any conspiracy, col-
12 lusion, or agreement, express or implied, with intent to
13 defraud the Corporation or wrongfully and unlawfully to
14 defeat its purposes, shall, on conviction thereof, be fined not
15 more than \$10,000 or imprisoned for not more than five
16 years, or both.

17 REPORTS AND STUDIES

18 SEC. 509. The Corporation shall submit to the Presi-
19 dent, for transmission to the Congress at the beginning of
20 each regular session, a complete and detailed annual report of
21 its operations under this part.

22 SEC. 510. The Corporation, immediately upon its estab-
23 lishment, shall commence studies of additional measures,
24 including tax measures, which would further promote the
25 flow of private capital from the United States to under-

1 developed areas of the world and be consistent with the
2 economic and financial policies of the United States. Such
3 studies shall be amplified in the light of the experience of
4 the Corporation. As soon as practicable, and not later than
5 three years after the establishment of the Corporation, it
6 shall prepare for transmission to the Congress the initial
7 results of such studies, including legislative recommendations.

8 CITATION

9 SEC. 511. This part may be cited as the "Peace by In-
10 vestment Corporation Act of 1965".

AMENDMENT

Intended to be proposed by Mr. JAVITS to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 3, 1965

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Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 11, strike out lines 10 to 14 and insert in lieu thereof the following:

1 (b) Amend section 504(a), which relates to authori-
2 zation, by striking out the first sentence thereof and substi-
3 tuting the following: "There is hereby authorized to be
4 appropriated to the President to carry out the purposes of
5 this part, for use beginning in fiscal year 1966 not to exceed
6 \$1,270,000,000, and for use beginning in fiscal year 1967
7 not to exceed \$1,170,000,000, which sums shall remain
8 available until expended. Of the funds made available to
9 carry out the purposes of this part for fiscal year 1966, a
10 sum equal to the amount programed for assistance to the

Amdt. No. 231

1 Republic of China in the presentation entitled 'Military
 2 assistance programs, fiscal year estimates, 1966' plus \$100,-
 3 000,000 shall be available only for military assistance to the
 4 Republic of China."

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 1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to
 S. 1837, a bill to amend further the Foreign
 Assistance Act of 1961, as amended, and for
 other purposes.

JUNE 4, 1965

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89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 14, between lines 13 and 14, insert the fol-
2 lowing:

3 “(h) Amend section 511, which relates to restrictions
4 on military aid to Latin America, as follows:

5 “(1) In subsection (a), strike out ‘a part may be used
6 during each fiscal year for assistance in implementing a fea-
7 sible plan for regional defense, and insert ‘\$25,000,000 may
8 be used for assistance to an inter-American military force
9 under the control of the Organization of American States’.

10 “(2) Amend subsection (b) to read as follows:

11 “(b) to the maximum extent feasible, military assist-

1 ance shall be furnished to American Republics only in ac-
2 cordance with joint plans (including joint plans relating to
3 internal security problems) approved by the Organization
4 of American States. The President shall submit quarterly
5 reports to the Speaker of the House of Representatives and
6 to the Committee on Foreign Relations of the Senate on the
7 implementation of this subsection.’”

8 On line 14, strike out “(h)” and insert “(i)”.

Amdt. No. 233

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**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 4, 1965

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Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 15, line 6, insert the following:
- 2 “(a) Amend section 604(b), which relates to maxi-
- 3 mum prices for commodities procured under the Act, by in-
- 4 serting ‘(1)’ after the word ‘than’ and by striking out the
- 5 period at the end thereof and inserting in lieu thereof a
- 6 comma and the following: ‘or (2) in the case of petroleum
- 7 or petroleum products, the price generally charged by the
- 8 supplier in comparable export sales from the source country
- 9 at the time of purchase. Clause (2) of the foregoing sen-
- 10 tence shall not apply to the purchase price in sales under
- 11 formal competitive bid procedures. The term “comparable

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1 export sales” as used in such clause shall not include sales
2 to affiliates.’

3 “(b) Amend section 604, which relates to procurement,
4 by adding the following new subsection (e) :

5 “ ‘(e) None of the funds made available under this Act
6 shall be used to pay any barter agent’s commission or other
7 servicing charges or disposal fees in any case in which com-
8 modities or defense articles furnished to a recipient country
9 are procured through the barter of other commodities or
10 articles, and any such commission, charge, or fee shall be
11 paid by the supplier of the commodities or defense articles so
12 furnished or the recipient country.’ ”

13 On page 15, line 6, strike “(a)” and insert “(c)”.

14 On page 16, line 3, strike “(b)” and insert “(d)”.

15 On page 16, line 22, strike “(c)” and insert “(e)”.

16 On page 17, line 11, strike “(d)” and insert “(f)”.

17 On page 18, line 12, strike “(e)” and insert “(g)”.

AMENDMENTS

Intended to be proposed by Mr. Proxmire to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 4, 1965

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89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PROXMIRE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 15, line 6, insert the following:
- 2 “(a) Amend section 604 (b), which relates to maxi-
- 3 mum prices for commodities procured under the Act, by in-
- 4 serting ‘(1)’ after the word ‘than’ and by striking out the
- 5 period at the end thereof and inserting in lieu thereof a
- 6 comma and the following: ‘or (2) in the case of petroleum
- 7 or petroleum products, the price generally charged by the
- 8 supplier in comparable export sales from the source country
- 9 at the time of purchase. Clause (2) of the foregoing sen-
- 10 tence shall not apply to the purchase price in sales under
- 11 formal competitive bid procedures. The term “comparable

1 export sales” as used in such clause shall not include sales
2 to affiliates.’

3 “(b) Amend section 604, which relates to procurement,
4 by adding the following new subsection (e) :

5 ““(e) No part of the funds made available under this
6 Act or Commodity Credit Corporation owned commodities
7 shall be used to pay any barter contractor’s commission or
8 disposal fees (commodity disposal cost) in any case in which
9 commodities furnished to a recipient country are procured
10 through the barter of other commodities and any such com-
11 mission or fee shall be paid or absorbed by the supplier of
12 the commodities through a reduction in anticipated profits.’”

13 On page 15, line 6, strike “(a)” and insert “(c)”.

14 On page 16, line 3, strike “(b)” and insert “(d)”.

15 On page 16, line 22, strike “(c)” and insert “(e)”.

16 On page 17, line 11, strike “(d)” and insert “(f)”.

17 On page 18, line 12, strike “(e)” and insert “(g)”.

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AMENDMENTS

Intended to be proposed by Mr. Proxmire to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 7, 1965

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S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill
to amend further the Foreign Assistance Act of 1961, as
amended, and for other purposes, viz:

- 1 On page 11, line 13, strike out "\$1,170,000,000" and
- 2 insert in lieu thereof "\$1,000,000,000".

Amdt. No. 240

Amdt. No. 240

Calendar No. 157

89TH CONGRESS
1ST Session

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 22, between lines 20 and 21, insert the following new subsection:

- 1 (d) At the end thereof add the following new section:
- 2 “SEC. 649. LIMITATION ON AGGREGATE AUTHORIZA-
- 3 TION FOR USE IN FISCAL YEARS 1966 AND 1967.—Not-
- 4 withstanding any other provision of this Act, the aggregate
- 5 of the total amounts authorized to be appropriated for use
- 6 during each of the fiscal years 1966 and 1967 for furnishing
- 7 assistance and for administrative expenses under this Act
- 8 shall not exceed \$2,852,170,000 for each such year.”

Amdt. No. 241

Amdt. No. 241

Calendar No. 157

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 9, beginning with line 7, strike out down to the semicolon in line 9 and insert in lieu thereof the following:

- 1 (a) In the first sentence strike out "1963, 1965, and
- 2 1966, not to exceed \$600,000,000 for each such fiscal year"
- 3 and substitute the following: "1963 and 1965, not to exceed
- 4 \$600,000,000 for each such fiscal year, for use beginning
- 5 in each of the fiscal years 1966 and 1967, not to exceed
- 6 \$500,000,000 for each such fiscal year".

Amdt. No. 242

Amdt. No. 242

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22 add the following:

1 (f) At the end thereof add a new section as follows:

2 “SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 “(1) the total amounts obligated or reserved during
5 fiscal year 1966 for assistance under part I of this Act
6 to Tunisia shall not exceed an amount equal to 75 per
7 centum of the amount specified for such purpose for
8 such country in the presentation material submitted to
9 the Congress during its consideration of the Foreign As-
10 sistance Act of 1963; and

Amdt. No. 243

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this Act
3 to Tunisia shall not exceed 75 per centum of the respec-
4 tive amounts specified for such purpose for such country
5 in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Tunisia are less
8 than the sums which, but for the provisions of this section,
9 would have been available for such purpose, and such
10 amounts shall be deducted from appropriations or other funds
11 available for such purpose and deposited in the general fund
12 of the Treasury.”

Amdt. No. 243

Calendar No. 157

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 11, lines 20 to 22, strike out “and to engage in
- 2 other activities helpful to the economic and social develop-
- 3 ment of friendly countries”.

Amdt. No. 244

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22, add the following:

1 (f) At the end thereof add a new section as follows:

2 "SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 "(1) the total amounts obligated or reserved during
5 fiscal year 1966 for assistance under part I of this Act
6 to Nigeria shall not exceed an amount equal to 75 per
7 centum of the amount specified for such purpose for
8 such country in the presentation material submitted to
9 the Congress during its consideration of the Foreign
10 Assistance Act of 1963; and

Amdt. No. 245

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this Act
3 to Nigeria shall not exceed 75 per centum of the respec-
4 tive amounts specified for such purpose for such country
5 in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Nigeria are less
8 than the sums which, but for the provisions of this section,
9 would have been available for such purpose, and such amounts
10 shall be deducted from appropriations or other funds avail-
11 able for such purpose and deposited in the general fund of
12 the Treasury.”

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. MORSE to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22 add the following:

1 (f) At the end thereof add a new section as follows:

2 “SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 “(1) the total amounts obligated or reserved dur-
5 ing fiscal year 1966 for assistance under part I of this
6 Act to Chile shall not exceed an amount equal to 75
7 per centum of the amount specified for such purpose for
8 such country in the presentation material submitted to
9 the Congress during its consideration of the Foreign
10 Assistance Act of 1963; and

Amdt. No. 246

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this Act
3 to Chile shall not exceed 75 per centum of the respective
4 amounts specified for such purpose for such country in
5 such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Chile are less than
8 the sums which, but for the provisions of this section, would
9 have been available for such purpose, and such amounts shall
10 be deducted from appropriations or other funds available
11 for such purpose and deposited in the general fund of the
12 Treasury.”

89TH CONGRESS
1ST Session

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22, add the following:

1 (f) At the end thereof add a new section as follows:

2 "SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 "(1) the total amounts obligated or reserved dur-
5 ing fiscal year 1966 for assistance under part I of this
6 Act to Brazil shall not exceed an amount equal to 75 per
7 centum of the amount specified for such purpose for such
8 country in the presentation material submitted to the
9 Congress during its consideration of the Foreign Assist-
10 ance Act of 1963; and

Amdt. No. 247

1 “(2) the total amounts obligated or reserved dur-
2 ing fiscal year 1966 for assistance under part II of this
3 Act to Brazil shall not exceed 75 per centum of the re-
4 spective amounts specified for such purpose for such
5 country in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Brazil are less than
8 the sums which, but for the provisions of this section, would
9 have been available for such purpose, and such amounts shall
10 be deducted from appropriations or other funds available for
11 such purpose and deposited in the general fund of the
12 Treasury.”

AMENDMENT

Intended to be proposed by Mr. Morse to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22, add the following:

1 (f) At the end thereof add a new section as follows:

2 "SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 " (1) the total amounts obligated or reserved dur-
5 ing fiscal year 1966 for assistance under part I of this
6 Act to Turkey shall not exceed an amount equal to
7 75 per centum of the amount specified for such purpose
8 for such country in the presentation material submitted
9 to the Congress during its consideration of the Foreign
10 Assistance Act of 1963; and

Amdt. No. 248

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this Act
3 to Turkey shall not exceed 75 per centum of the re-
4 spective amounts specified for such purpose for such
5 country in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Turkey are less
8 than the sums which, but for the provisions of this section,
9 would have been available for such purpose, and such amounts
10 shall be deducted from appropriations or other funds avail-
11 able for such purpose and deposited in the general fund of
12 the Treasury.”

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENT

Intended to be proposed by Mr. MORSE to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22 add the following:

1 (f) At the end thereof add a new section as follows:

2 "SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 "(1) the total amounts obligated or reserved during
5 fiscal year 1966 for assistance under part I of this Act
6 to Pakistan shall not exceed an amount equal to 75
7 per centum of the amount specified for such purpose for
8 such country in the presentation material submitted to
9 the Congress during its consideration of the Foreign
10 Assistance Act of 1963; and

Amdt. No. 249

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this
3 Act to Pakistan shall not exceed 75 per centum of the
4 respective amounts specified for such purpose for such
5 country in such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to Pakistan are less
8 than the sums which, but for the provisions of this section,
9 would have been available for such purpose, and such
10 amounts shall be deducted from appropriations or other
11 funds available for such purpose and deposited in the general
12 fund of the Treasury.”

3-1837

AMENDMENT

AMENDMENT

2 1833

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

89TH CONGRESS
1ST SESSION

Calendar No. 157

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MORSE to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 18, after line 22, add the following:

1 (f) At the end thereof add a new section as follows:

2 "SEC. 620A. (a) Notwithstanding any other provision
3 of this Act—

4 "(1) the total amounts obligated or reserved during
5 fiscal year 1966 for assistance under part I of this Act
6 to India shall not exceed an amount equal to 75 per
7 centum of the amount specified for such purpose for
8 such country in the presentation material submitted to
9 the Congress during its consideration of the Foreign
10 Assistance Act of 1963; and

1 “(2) the total amounts obligated or reserved during
2 fiscal year 1966 for assistance under part II of this Act
3 to India shall not exceed 75 per centum of the respective
4 amounts specified for such purpose for such country in
5 such presentation material.

6 “(b) The President shall determine the amounts by
7 which the sums available for assistance to India are less than
8 the sums which, but for the provisions of this section, would
9 have been available for such purpose, and such amounts
10 shall be deducted from appropriations or other funds avail-
11 able for such purpose and deposited in the general fund of
12 the Treasury.”

**89TH CONGRESS
1ST SESSION**

S. 1837

AMENDMENT

Intended to be proposed by Mr. Morse to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 7, 1965

Ordered to lie on the table and to be printed

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 8 (legislative day, JUNE 7), 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 23, lines 12 to 14, strike out “or pursuant to
2 title I of the Agricultural Trade Development and Assistance
3 Act of 1954, as amended, or any extension thereof,”.

4 On page 24, lines 9 to 12, strike out “, famine relief
5 and other assistance authorized by title II of the Agricul-
6 tural Trade Development and Assistance Act of 1954, as
7 amended, and similar relief programs”.

Amdt. No. 254

S. 1837

AMENDMENTS

Intended to be proposed by Mr. ELLENDER to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 8 (legislative day, JUNE 7), 1965
Ordered to lie on the table and to be printed

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 8 (legislative day, JUNE 7), 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. PELL to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz.:

1 On page 4, line 21, strike out "July 1, 1966" and insert
2 in lieu thereof "July 1, 1967".

3 On page 4, line 24, strike out "\$7,000,000" and insert
4 in lieu thereof "\$9,000,000".

Amdt. No. 255

Amdt. No. 255

89TH CONGRESS
1ST SESSION

S. 1837

AMENDMENTS

Intended to be proposed by Mr. Pell to S. 1837,
a bill to amend further the Foreign Assist-
ance Act of 1961, as amended, and for other
purposes.

JUNE 8 (legislative day, JUNE 7), 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 9, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS to S. 1837, a bill to amend the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 10, between lines 9 and 10, insert the following:

- 1 (c) Add the following new section:
- 2 "SEC. 304. REGIONAL DEVELOPMENT IN AFRICA.—
- 3 The President is requested to seek and to take appropriate
- 4 action, in cooperation and consultation with African and
- 5 other interested nations and with international development
- 6 organizations, to further and assist in the advancement of
- 7 African regional development institutions, including the
- 8 African Development Bank, with the view toward pro-
- 9 moting African economic development."

Amdt. No. 260

89TH CONGRESS
1ST Session

S. 1837

AMENDMENT

Intended to be proposed by Mr. JAVITS to
S. 1837, a bill to amend the Foreign Assist-
ance Act of 1961, as amended, and for other
purposes.

JUNE 9, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. KENNEDY of New York (for himself and Mr. CLARK) to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 25, strike out lines 9 to 13, inclusive.

2 On page 25, line 14, strike out “(c)” and substitute
3 “(b)”.

4 On page 25, line 21, strike out “(d)” and substitute
5 “(c)”.

6 On page 25, after line 25, insert the following:

7 “(d) The proposals referred to in subsection (a) should
8 be based on an analysis and estimate of the funds required
9 by the developing nations of the world to close the widening
10 gap between the economically privileged nations and those

Amdt. No. 262

1 nations striving to achieve a developed economy. This
2 analysis should examine the relationship between develop-
3 ment requirements and the rising gross national product of
4 the United States, assessing the percentage of gross national
5 product that should be devoted to such development assist-
6 ance. The proposals should include an assessment of the role
7 that economic assistance by the United States and other
8 developed nations can and should play in the economic and
9 social development of the rest of the world, and carefully
10 delineate policies and programs required to fulfill this role.

AMENDMENTS

Intended to be proposed by Mr. KENNEDY of New York (for himself and Mr. Clark) to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 10, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 10, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to S. 1837, a bill to amend the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

- 1 On page 3, line 22, strike out "20" and insert "12".

Amdt. No. 264

AMENDMENT

Intended to be proposed by Mr. LAUSCHÉ to
S. 1837, a bill to amend the Foreign Assist-
ance Act of 1961, as amended, and for other
purposes.

JUNE 10, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 11, 1965

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER (for himself and Mr. SPARKMAN) to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

1 On page 18 amend section 301 (e) as follows: (A) Be-
2 tween lines 13 and 14 insert:

3 “(1) Amend subsection (e) (1), which relates to ex-
4 propriations and related matters, by inserting ‘(including the
5 issuance of new investment guaranties)’ after the words ‘The
6 President shall suspend assistance’ and by inserting ‘pursuant
7 to procedures substantially equivalent to those set forth in
8 the Convention on the Settlement of Investment Disputes Be-
9 tween States and Nationals of Other States submitted to gov-
10 ernments by the International Bank for Reconstruction and

1 Development' after the words 'which may include arbitra-
2 tion'."

3 (B) Renumber subsections (1) and (2) as (2) and
4 (4), respectively.

5 (C) Between lines 18 and 19 insert:

6 "(3) Add the following subparagraph to subsection
7 (e) :

8 "(3) No assistance (including the issuance of new
9 investment guaranties) shall be furnished in connection with
10 any project if property used in, or concession rights relating
11 to, the same or a substantially similar predecessor project
12 are the subject of a bona fide claim by, or of a judgment or
13 award in favor of, any United States citizen or any corpora-
14 tion, partnership, or association not less than 50 per centum
15 beneficially owned by United States citizens that such prop-
16 erty or rights were, without consent, on or after the effective
17 date of this Act, subjected to expropriatory or other similar
18 acts as described in subparagraphs (1) (A), (1) (B), and
19 (1) (C) of this subsection, unless the property or rights
20 which are the subject of such claim, judgment, or award are
21 restored to the claimant, pursuant to the mandate of a
22 judgment or award or under terms agreed to by the
23 claimant'."

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER
(for himself and Mr. SPARKMAN) to S. 1837,
a bill to amend further the Foreign Assist-
ance Act of 1961, as amended, and for other
purposes.

JUNE 11, 1965

Ordered to lie on the table and to be printed

Calendar No. 157

89TH CONGRESS
1ST SESSION

S. 1837

IN THE SENATE OF THE UNITED STATES

JUNE 11, 1965

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DIRKSEN to S. 1837, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: Section 604 of the Foreign Assistance Act of 1963, as amended, is amended by adding the following new subsection after subsection (d) of section 604:

- 1 (e) The Congress directs the Secretary of the Treasury
- 2 or his designated representative to refuse to permit the
- 3 flotation in the United States of new security issues of the
- 4 International Bank for Reconstruction and Development
- 5 or of the Inter-American Development Bank and to refuse
- 6 to permit the proceeds of dollar borrowings of either of these
- 7 two institutions from United States financial institutions to
- 8 be exchanged for the currency of any other country until the

Amdt. No. 267

- 1 United States has experienced a surplus in its balance of
- 2 payments for four consecutive reporting quarters.

Amdt. No. 267

Calendar No. 157

89TH CONGRESS
1ST SESSION**S. 1837****AMENDMENT**

Intended to be proposed by Mr. DIRKSEN to
S. 1837, a bill to amend further the Foreign
Assistance Act of 1961, as amended, and for
other purposes.

JUNE 11, 1965

Ordered to lie on the table and to be printed

